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Provincial Revenue

2004/05
Annual Service Plan Report

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* *Refer to note on page 3.*

Table of Contents

Message from the Minister and Accountability Statement 5

Highlights of the Year 7

Ministry Role and Services 11

Report on Performance 24

Report on Resources 49

Appendix A: Glossary 55

Appendix B: Ministry Values 57

Appendix C: Legislation Administered by the Ministry 58

Appendix D: Realignment of Ministry Business Functions 59

Appendix E: Data Methodology 60

PLEASE NOTE: On June 16, 2005, the government ministries were re-organized to reflect the new cabinet responsibilities. Many of the website addresses and links in this printed report may have changed following the government re-organization.

- A list of the new ministries is available on the government website at http://www.gov.bc.ca — follow the links to Ministries and Organizations.
- An index of all 2004/05 Annual Service Plan Reports, with up-to-date website links, is available online at http://www.bcbudget.gov.bc.ca/annualreports/ .

Message from the Minister and Accountability Statement

The 2004/2005 service plan report represents my first full year as Revenue Minister and I am proud of what we have accomplished working together as a team and with our stakeholders.

I am particularly proud of the ministry's achievements in customer service excellence, including the introduction of the Taxpayer Fairness and Service Code. Developed in partnership with the Canadian Federation of Independent Business, British Columbia Chamber of Commerce, Retail Merchants' Association of British Columbia, Retail Council of Canada, Institute of Chartered Accountants of British Columbia and Sales Tax Practitioners Liaison Committee, the Taxpayer Fairness and Service Code sets out the fairness and service principles that we follow when dealing with our customers. We believe by creating the Taxpayer Fairness and Service Code we will strengthen our relationship with our customers. By working to resolve problems faster or avoiding them altogether, customers will need to spend less time dealing with government and have more time to grow their businesses that contribute to economic growth and prosperity throughout British Columbia.

The ministry further improved customer service by holding Customer Information Sessions throughout British Columbia to assist taxpayers to better understand their rights and responsibilities and increase voluntary compliance. The ministry also launched the Appeals Administration Project to speed up the appeals process and developed, with the Canada Revenue Agency, an education unit for high school students to create awareness about Canada's taxation system and the function of taxes in supporting important government services like health care and education.

In late 2004, the ministry entered into an alliance with EDS Advanced Solutions, Inc. for the management and delivery of revenue services under one revenue management system. This consolidation will streamline functions and simplify processes, helping to build on our goal of customer service excellence.

In February 2005, our government delivered another balanced budget. The Ministry of Provincial Revenue played an important part in achieving this goal through fair, efficient and equitable revenue and debt collection.

Of course, none of this would be possible without the dedication and professionalism of ministry staff. The goals set for this service plan were ambitious and staff rose to the challenge. On behalf of all British Columbians, I want to thank all the ministry staff for their dedication, focus and hard work over the past year.

The 2004/05 Ministry of Provincial Revenue Annual Service Plan Report compares the actual results to the expected results identified in the ministry's 2004/05 Service Plan. I am accountable for those results as reported.

Additionally, under the *Balanced Budget and Ministerial Accountability Act*, I am accountable for earning $240 million in incremental revenue in respect of revenues payable under enactments administered by the Minister of Provincial Revenue. As of March 31, 2005, $330.7 million was achieved.

I look forward to building on these successes and achieving new goals and targets as we move to a Golden Decade in British Columbia.

Honourable Rick Thorpe
Minister of Provincial Revenue

May 31, 2005

Highlights of the Year

Taxpayer Fairness and Service Code[1]

The ministry introduced the Taxpayer Fairness and Service Code in December 2004. The Taxpayer Fairness and Service Code was developed in partnership with business organizations[2] from across British Columbia, to describe the fairness and service principles that the ministry follows in dealing with its customers. It formalizes and communicates the ministry's commitment to partnerships, high quality service, improving the way the ministry interacts with customers, and streamlining and simplifying its business processes.

Beginning in the summer of 2005, the ministry will work with partner organizations to develop service standards for customer transactions with the ministry. The service standards will let customers know what to expect from the ministry when interacting with staff (for example, the turn around times for certain customer transactions, such as processing all business registrations within two days). The ministry will measure how well it is meeting these standards and will publicly report on the results.

Customer Information Sessions

The ministry continues to focus on providing complete, clear, accurate and timely information to assist customers to better understand and meet their financial obligations to government. A new ministry initiative in 2004/05 saw the provision of public information seminars on the application and administration of tax statutes, and the responsibilities of taxpayers.

- The ministry collaborated with the Canada Revenue Agency to provide monthly GST/PST information seminars, educational events for tax practitioners, and provided information at several convention and trade shows including the Investment and Franchise Show in Vancouver and the BC Home and Garden Show.
- Forty-two "PST and You" seminars were conducted in various centres in northern British Columbia, the Cariboo Chilcotin Coast Region, and Vancouver Island. The seminars provide information on the application and administration of the *Social Service Tax Act*. Over 1,100 registered vendors and individuals attended these seminars to increase their awareness of their responsibilities under the Act. The ministry will provide these seminars in other centres across British Columbia.

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[1] For more information on the Taxpayer Fairness and Service Code view online at http://www.rev.gov.bc.ca/fairness/ *.

[2] Business organizations include the Canadian Federation of Independent Business, British Columbia Chamber of Commerce, Retail Merchants' Association of British Columbia, Retail Council of Canada, Institute of Chartered Accountants of British Columbia and Sales Tax Practitioners Liaison Committee.

* *Refer to note on page 3.*

- The ministry held meetings with business associations including Retail BC, the Canadian Federation of Independent Business and chambers of commerce to determine their information requirements to improve and simplify the administration of social service tax for their specific industries.
- The ministry worked with the oil and gas industry to ensure that contractors and suppliers from outside the province are aware of their tax obligations to British Columbia.
- The ministry conducted five workshops with staff representatives from 69 municipalities in six locations across the province to provide information on school tax and the Home Owner Grant Program. As a result of these workshops, staff within these local governments will be better able to respond to queries and requests for information from taxpayers.

High School Education Learning Unit

The Ministry of Provincial Revenue represented British Columbia on the National Underground Economy Working Group, in conjunction with the Canada Revenue Agency (CRA) and in cooperation with several other provinces. Together, a pilot project was developed to increase awareness among junior and senior high school students about Canada's taxation system and their responsibility to pay taxes. The learning unit, titled "Responsible Citizenship and Canada's Tax System" explores why governments tax, what tax revenues are used for, and the consequences of participating in the underground economy and not paying taxes. The learning unit was first piloted in the spring 2004 semester at a French school in the lower mainland, with very positive results. To date, the unit has been provided to five English school districts and one French school district in the province. The ministry is now working on plans to make this learning unit available as part of the permanent provincial high school curriculum. In November 2004, the ministry received a Canada Revenue Agency Award of Excellence for its partnership in developing this project.

Appeals Administration Project

In July 2004, the ministry launched a project to reduce the existing backlog of tax appeals and the average age of outstanding appeals. Additional resources were committed to the appeals management process and streamlined work processes were implemented to address the backlog.

The project resulted in the resolution of 1,215 appeals during the fiscal year, four times the 303 appeals resolved in 2003/04 and almost three times the 449 appeals resolved in 2002/03. This resulted in the average age of outstanding appeals declining from 10.98 months in 2003/04 to 5.16 months as of March 31, 2005. The result — taxpayers will receive more timely appeal decisions and related explanations.

Revenue Management Project[3]

In November 2004, the ministry entered into an alliance with EDS Advanced Solutions, Inc. (EAS), a British Columbia based, wholly owned subsidiary of EDS Canada, Inc., to improve and streamline business processes and information technology systems. The goal is to transform and consolidate over 40 non-tax revenue management systems across government into a new revenue management system.

This alliance allows the ministry to leverage private sector expertise, technology and investment capital to improve a wide range of government revenue management processes including account management, billing, payment and remittance processing, and debt collection. The revenue management system will streamline the way government collects revenue and improve service to customers. Improved revenue recovery will reduce bad debt expenses and lower borrowing costs to government. This will generate significant financial benefits that can be put towards priority programs for British Columbians while transferring much of the risk to the private sector vendor.

British Columbian's privacy protection is paramount to government. The contract with EAS incorporates rigorous privacy, confidentiality and contractual security provisions that meet and exceed the standards of British Columbia's *Freedom of Information and Protection of Privacy Act*.

International Financial Activity Act

First announced in Budget 2004, the *International Financial Activity Act* (IFA) was proclaimed in May 2004 to expand and replace the *International Financial Business (Tax Refund) Act*. The IFA provides a refund of provincial income tax to eligible corporations and individuals who carry on international financial activities in British Columbia.

The ministry, working with the Ministries of Finance, Small Business and Economic Development and the Attorney-General, developed the new legislation following extensive industry consultation. The Act expands the types of corporations that are eligible for a tax refund, the list of financial activities that qualify for corporate income tax refunds, and expands the program to the entire province. This legislation sets the stage for renewed growth in the international financial business sector in the province and supports the government's commitment to make British Columbia an attractive place for business to invest.

[3] View the *Revenue Management Project Summary Report* at http://www.rev.gov.bc.ca/rmp_summary_report.pdf*.

* *Refer to note on page 3.*

Revenue and Accounts Receivable Collection Results

The ministry provides a central service to the Province for revenue and debt administration and collection. In 2004/05, the ministry administered $18.4 billion in revenue, or approximately 56 per cent of all revenue received by the Province. Of this revenue, over 97 per cent was identified by the ministry or self-assessed by individuals and businesses without compliance intervention.

The ministry achieved $330.7 million in incremental revenue in 2004/05, exceeding the forecast of $240 million. Incremental revenue is realized primarily as a result of ministry compliance activities. The ministry's audit and review program performed over 187,000 audits during the year.

The ministry also manages approximately $925 million in tax and non-tax receivables representing approximately 473,000 accounts. Receivables have decreased by $60 million since March 31, 2004.

The ministry exceeded its annual debt collections forecast in 2004/05 recovering $337.5 million compared to its forecast of $298 million. The tax and forest revenue collections portion totalled $235.4 million, while non-tax collections were $102.1 million, including a record $27.5 million recovered through the Canada Revenue Agency set-off program.

Employee Learning and Development

The ministry is committed to employee learning and development through a culture supporting excellence, continuous business improvement and quality customer service. This commitment will support the ministry in achieving its goals, while promoting employee morale, development and retention. The ministry has demonstrated its commitment to training through an increase in training expenditures from an average of $376/FTE to $546/FTE over the past three years. A new initiative of the ministry is a partnership with Camosun College to develop and deliver the Revenue Administration Certificate Program. This is an accredited, two and a half year certificate program focusing on tax administration in British Columbia. This program will create employees with a broad knowledge of all aspects of the ministry's operations.

Ministry Role and Services

Vision, Mission and Values

Vision

To be the centre of excellence for revenue and debt collection in government.

Mission

To provide fair, efficient and equitable revenue and debt collection that supports public services to meet the needs of British Columbians.

Values

The ministry's core values guide the organization and employees in conducting the business of the ministry and achieving ministry goals. The following demonstrates how the ministry ensures these core values are carried into its daily operations. For further explanation see Appendix B.

Accountability	We provide leadership and set high expectations. We measure and report on our performance at all levels of the ministry.
Quality Service	We are accessible and responsible to our customers. We provide excellent service. We build and support partnerships with key customers.
Innovation	We seek new ways of doing business and explore new technologies.
Integrity	We behave with integrity towards customers and protect their confidential information. We respect and trust our colleagues.
Productivity	We ensure our activities add value. We simplify our processes and activities.
Professionalism	We are committed to excellence and serving the public interest. We promote teamwork and cooperation. We recognize and celebrate achievement. We pursue learning opportunities and promote personal growth.

Ministry Overview, Core Business Areas and Structure

Ministry Overview

The Ministry of Provincial Revenue was established in June 2001 to provide centralized revenue and debt administration services to the Province of British Columbia.

The ministry is the principal revenue collector for the Province, with administrative responsibility for $18.4 billion in 2004/05 or approximately 56 per cent of all provincial revenues. These revenues support government strategic goals and pay for vital government programs such as health care, education, transportation and social services. The ministry's strategic focus is on promoting voluntary compliance with the financial obligations that result from the legislation it administers.[4]

The ministry strives to be a public sector leader in revenue and debt administration, supporting its vision of creating a "centre of excellence for revenue and debt collection in government." The ministry's core business areas provide an effective and efficient central service for the collection of monies owed to government, are committed to providing services in a fair, equitable and timely manner, and continuously raise the bar for customer service. New technologies, improved business processes, highly-skilled and motivated employees, and effective relationships with our customers — individuals, the business community, industry and client ministries we serve — will all assist the ministry to accomplish its vision.

A key focus of the ministry is service excellence. In 2004/05, the Taxpayer Fairness and Service Code was developed with our partner organizations across British Columbia. The Taxpayer Fairness and Service Code details a taxpayer's right to timely customer service, courtesy, respect, fair treatment and confidentiality in all their dealings with the ministry. To ensure ongoing communication between the ministry, stakeholders and taxpayers, the Revenue Programs Advisory Committee was established in 1999 to provide a forum for industry representatives from various sectors of the business community to discuss current taxation issues. This forum provides opportunities for information and ideas to be exchanged on taxation, input to policy issues and networking with ministry staff.

The Ministry of Provincial Revenue provides revenue and debt administration and management services to other ministries including account management, billing, payment and remittance processing, and debt collection services. The ministry has implemented processes and accountabilities for transferring accounts receivable to the ministry that ensure continued high levels of service to its client ministries and their customers. The ministry also collects taxes and fees for other agencies such as the Greater Vancouver Transportation Authority, local service areas (for example, regional improvement districts) and local governments throughout the province. The ministry's relationship with these clients is managed through transfer and service agreements, and memoranda of understanding.

[4] Refer to Appendix C for a list of legislation administered by the Ministry of Provincial Revenue.

The Ministry of Provincial Revenue represents the Province in its relationship with the Canada Revenue Agency (CRA), which administers the Province's personal and corporate income taxes, under the authority delegated to the Government of Canada through the British Columbia-Canada Tax Collection Agreement (TCA). This arrangement allows a single administration and collection agency for provincial corporate and personal income taxes, thereby increasing efficiency and simplicity for the Province and taxpayers.

The ministry is supporting the current negotiation of a new TCA with the CRA that increases British Columbia's flexibility and capacity in tax policy and tax administration. A detailed *British Columbia Work Plan* has been developed jointly by the ministry and the CRA.[5] This work plan, coupled with the TCA, will support the requirement that revenue due to the Province is identified and received.

In late 2004, the ministry entered into an alliance with EDS Advanced Solutions, Inc. (EAS), for the management and delivery of information and technology services, and revenue services under a single, consolidated revenue management system. This alliance allows the ministry to leverage private sector expertise, technology and investment capital, while transferring risk, to improve the management of a wide spectrum of government revenue management systems. In the next two years, the focus will be the integration and streamlining of ministry responsibilities associated with revenue services, including customer service, account management, billing, payment and remittance processing, and non-tax collections. In addition, up to 40 additional revenue systems across government will be consolidated into this new centralized system.

The ministry will manage this alliance through a benefits and performance based service contract. Service level commitments within the contract will ensure the ministry and its customers receive enhanced service for the base fee payments (equal to the Province's current cost to deliver revenue management, and information and technology services). The contract is structured to ensure performance and service levels are improved and sustained. As the Revenue Management Project achieves incremental financial benefits, EAS will share in those benefits to recover their capital investment. If no incremental benefits are generated, EAS will receive only the base fee payments.

Ministry Organization

The ministry evaluated and reorganized its structure to better align its core functions, and establish and manage the ministry's relationship with EAS. As of December 2004, the ministry delivered on its programs through three divisions and 15 branches (see *Figure 2*), with staff located in a number of centres across the province including Victoria, Vancouver and Surrey. The reorganization resulted in the realignment of the ministry's business functions with its core business areas (see Appendix D).

[5] View the Summary of the British Columbia/Canada Revenue Agency Work Plan at http://www.rev.gov.bc.ca/bc_cra_work_plan_summary.pdf *.

* *Refer to note on page 3.*

The ministry relies on the integration of three core business areas to implement its strategic direction and achieve its goals and objectives. The linkage between the activities undertaken by the core business areas and ministry goals are presented in *Figure 1*, followed by a detailed description of key responsibilities by core business area.

Figure 1: *Ministry Activities and Linkage to Ministry Goals.*

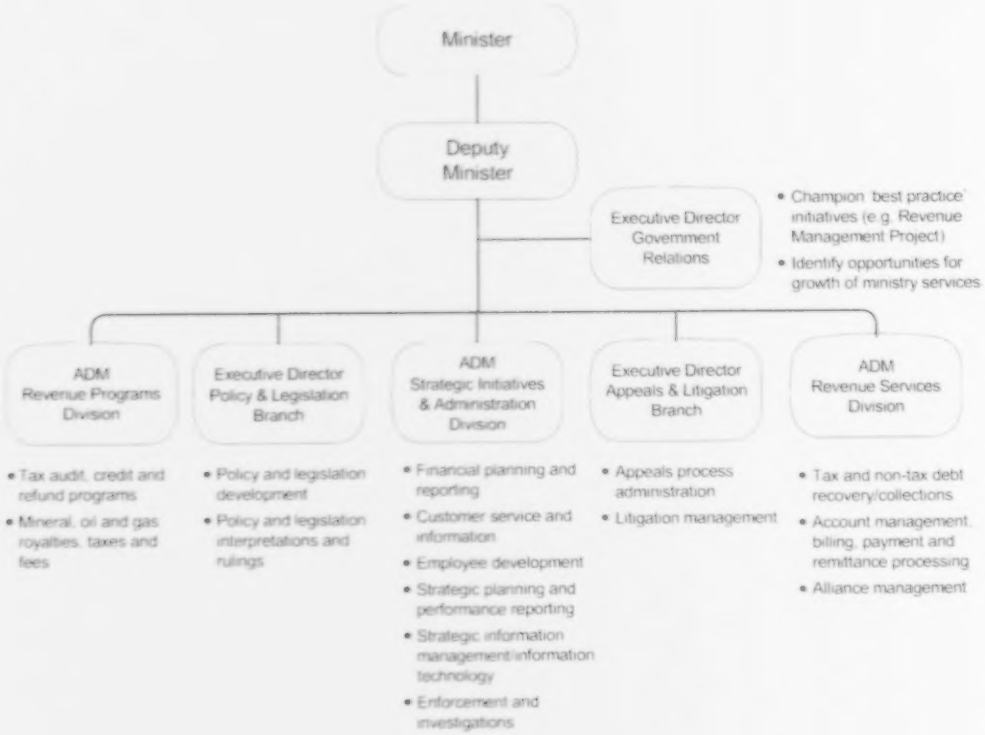
Ministry Vision — To be the centre of excellence for revenue and debt collection in government.
Mission — To provide fair, efficient and equitable revenue and debt collection that supports public services to meet the needs of British Columbians.

* Refer to Appendix for definitions of terms used in this document.

Ministry Organizational Structure and Core Business Areas

The ministry's organizational structure supports the delivery of services, programs and key initiatives of each core business area. *Figure 2* provides an overview of the ministry's organizational structure and primary responsibilities.

Figure 2: *Ministry Organizational Structure and Key Responsibilities.*


Minister
Deputy Minister
Executive Director Government Relations
• Champion 'best practice' initiatives (e.g. Revenue Management Project)
• Identify opportunities for growth of ministry services
ADM Revenue Programs Division
• Tax audit, credit and refund programs
• Mineral, oil and gas royalties, taxes and fees
Executive Director Policy & Legislation Branch
• Policy and legislation development
• Policy and legislation interpretations and rulings
ADM Strategic Initiatives & Administration Division
• Financial planning and reporting
• Customer service and information
• Employee development
• Strategic planning and performance reporting
• Strategic information management/information technology
• Enforcement and investigations
Executive Director Appeals & Litigation Branch
• Appeals process administration
• Litigation management
ADM Revenue Services Division
• Tax and non-tax debt recovery/collections
• Account management, billing, payment and remittance processing
• Alliance management

Ministry Core Business Areas

Revenue Programs

Revenue Programs carries out compliance and enforcement activities for taxes, fees and resource royalties for the province. This business area provides a single point of accountability for the service delivery for each of the tax statutes it administers. It promotes voluntary compliance with tax obligations through quality customer service, education and compliance programs.

The business area manages provincial consumption taxes (social service tax, hotel room tax, motor fuel tax, tobacco tax), property taxes (rural property tax, provincial school tax and property transfer tax) and other taxes (corporation capital tax, insurance premiums tax, and logging tax). This includes audit assessments and tax refunds, and the administration of tax credit and benefit programs. Resource sector revenue administration includes the collection of royalties, freehold production taxes and resource management fees levied on the production of minerals, oil and gas.

The ministry represents British Columbia with the Canada Border Services Agency which collects provincial tax on goods brought into the province, and with the Canada Revenue Agency. Strong links are maintained with municipalities and other government organizations collecting tax on behalf of the Province, and with local governments and service areas on whose behalf the ministry collects taxes. Provincial taxpayers — individuals, the business community and industry — are the primary customer base served by Revenue Programs.

Approximately $54,636,000 and 662 FTEs[6] were dedicated to this core business area in 2004/05.

Revenue Services

Revenue Services provides revenue and debt administration and management services for the ministry, its partner ministries and their customers. This includes account management, billing, payment and remittance processing, debt collection and other revenue management services provided through a combination of in-house services, and a private sector firm that is managed through the ministry's Alliance Management Office.

This core business area manages the collection of overdue accounts for all tax and non-tax programs that the ministry oversees for the Province. This includes debt collection related to taxes administered in the Revenue Programs core business area, as well as non-tax collections related to Medical Service Plan premiums, the Immigrant Sponsorship Program, the B.C. Ambulance Service, the British Columbia Student Assistance Program, the Employment and Assistance Program and court fines. A key focus for Revenue Services is the management of the ministry's relationship with EDS Advanced Solutions, Inc. (EAS),

[6] FTEs — fulltime equivalent employment is the estimate of a ministry's annual staff utilization. The term fulltime equivalent is defined as the employment of one person for one full year or the equivalent (for example, the employment of two persons for six months each).

ensuring appropriate oversight while facilitating the success of the alliance on behalf of the ministry.

Revenue Services also manages and collects revenues resulting from invoices the Ministry of Forests issues to its forest industry clients. Collection action is taken when necessary to ensure payment of monies owing to the government. In addition, this core business area manages trust security deposits for tenure agreements issued by the Ministry of Forests.

Provincial taxpayers and client ministries are the primary customer base served by Revenue Services.

Approximately $13,982,000 and 74 FTEs were dedicated to this core business area in 2004/05.

Executive and Support Services

Executive and Support Services consists of the Minister's Office, Deputy Minister's Office, and strategic initiatives and administration, policy and legislation, and appeals and litigation services.

Key programs and services of this business area focus on the effective and efficient provision of corporate functions that assist the ministry in achieving its goals and objectives.

Strategic initiatives and administration services provide the ministry with financial management and human resource services, strategic planning and performance reporting, and information technology management. It also provides customer service and taxpayer information and education, and administers investigative operations directed towards enforcement of provincial taxation statutes.

Executive and Support Services provides leadership and executive support on all tax administration issues, issues tracking, and government relations services that promote and market the ministry as a service agency and centre of excellence for revenue management. This area also provides legislative and policy support, and facilitation and conduct of impartial appeals and required litigation management.

Taxpayers, legislators, other ministries and Ministry of Provincial Revenue employees are the primary customers served by Executive and Support Services.

Approximately $62,047,000 and 169 FTEs were dedicated to this core business area in 2004/05. Expenditures include those paid on behalf of the entire ministry, such as building occupancy charges, amortization costs, office supplies and expenses, and shared services costs related to the provision of information technology services, legal services, human resources and payroll management, and the corporate accounting system.

Ministry Operating Context

The following section provides an overview of the ministry's operating context, including external and internal factors that impact the ministry's success in meetings its goals and objectives, and the ministry's response to these factors.

Scope of Ministry Operations

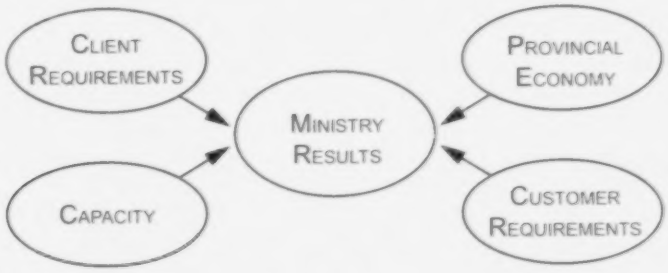
The ministry provides centralized revenue and debt administration and management services to government, administering $18.4 billion or 56 per cent of all provincial revenues. It provides services to ministries, agencies, and local authorities. Services include:

- Account management, billing, payment and remittance processing.
- Audit, compliance and enforcement activities that, in 2004/05, generated over $330 million in incremental revenues for the Province.
- Revenue and debt collection services, with responsibility for $925 million in accounts receivable.
- Customer education, information and awareness services, ruling and interpretation services and administration of tax appeals.

Key Influences

The ministry's performance is impacted by several factors including its capacity, the strength of the provincial economy, the requirements of its client ministries, and its relationship with its customers.

Figure 3: *Key Ministry Influences.*



Ministry Capacity

The ability of the ministry to meet its goals hinges on its capacity to deliver service. To meet its goals and objectives the ministry must maintain efficient and effective business processes, attract and retain skilled and knowledgeable employees, and ensure that employees have the tools necessary to do their job. Loss of skilled employees poses a key risk to the ministry (see *Table 1*). To mitigate this risk, the ministry is focusing on creating a culture of excellence and learning that will encourage staff development and retention. To enhance its business and service capacity, the ministry has entered into an alliance with EDS Advanced Solutions, Inc. (EAS) to leverage private sector investment and expertise to improve, consolidate and streamline revenue management across government (see page 9).

The Provincial Economy

The ministry administers revenues that are generated through provincial economic activity. The British Columbia economy grew 3.9 per cent in 2004, leading all provinces in Canada.

Consumer spending, which accounts for about two-thirds of all economic activity in the province, grew 4.1 per cent in 2004, while growth in housing starts of 25.8 per cent in 2004 led to growth in residential construction investment of 14.8 per cent. With the overall strong performance of British Columbia's economy, ministry revenue grew by eight per cent over the past year, and by more than 18 per cent compared to 2002/03: $15.5 billion in 2002/03; $16.9 billion in 2003/04; and $18.4 billion in 2004/05.

Client Requirements

The ministry collects revenues on behalf of a wide variety of client ministries, agencies, local governments and local service areas. These clients make policy decisions that can impact ministry activities and the revenue the ministry administers. For example, when tax rates or exemptions are changed, the ministry must update its public information, change procedures and inform taxpayers, and adjust its revenue expectations. Policy changes may also impact on taxpayer compliance with financial obligations.

Some client ministries are accountable for delivering mandatory services and are not able to apply standard credit granting practices to determine whether a client should be allowed to access services (for example, Medical Services Plan registration). Other ministries provide services that are intended to serve or protect the broader public interest, regardless of the likelihood of repayment (for example, social assistance overpayments). In these circumstances, the Ministry of Provincial Revenue must ensure its mandate to maximize revenues and collections is not counterproductive to the goals and objectives of client ministry's programs.

Customer Requirements

The willingness of taxpayers to voluntarily meet their financial obligations is the foundation of the tax system in British Columbia. Their willingness is impacted by a wide variety of factors, many of which are outside the ministry's control. To support voluntary compliance, the ministry has focused on information, education and outreach activities that improve British Columbians' understanding of their financial entitlements and obligations.

British Columbians expect their government will provide high quality customer service, easy access to information, and will engage in mutually beneficial, collaborative relationships. Recognizing this, the ministry has worked to build a relationship with British Columbians that is strengthened by the commitments to fairness and service quality reflected in the Taxpayer Fairness and Service Code. The ministry also provides a forum for stakeholders' and taxpayers' input into taxation issues, and has increased electronic information, filing and payment options as a result of customer feedback.

Risk Management

The ministry faces both external and internal risks and opportunities that impact on its success in meeting its goals and objectives. The following table identifies key risks and opportunities faced by the ministry and the ministry's response. For further discussion on risk management see page 44.

Table 1: *Key Risks and Opportunities.*

External Risks and Opportunities		
Situation	**Risk/Opportunity**	**Ministry Response**
Ministry revenue expectations are impacted by changes in the economy.	Strong economic growth presents the opportunity for increased revenue generation — new revenues, as well as increased revenue and debt collection through increased voluntary compliance. Slower economic growth has the potential to negatively impact the revenues that government receives and can result in increased non-payment of financial obligations.	The ministry maintains comprehensive regularized systems for revenue monitoring and reporting by revenue source. The ministry participates in taxation policy reviews, tax planning and revenue budgeting with the Ministry of Finance. The ministry advises government and clients about changes in revenue expectations on a timely basis.
Changes to policy and legislation affect the collectibility of revenues and debt.	Policy and legislative changes are under the sole control of the ministries that are responsible for determining how best to deliver their programs. The Ministry of Provincial Revenue must remain flexible to adapt to changing rules and consequent changes in the collectibility of accounts receivable. In addition, the application of legislation in specific circumstances can be the subject of legal challenge. Court decisions can require the ministry to implement changes to the way it administers its programs, and can impact revenue expectations.	The ministry collaborates with its customers and client ministries to be positioned to provide informed feedback to ministries contemplating legislative or policy changes which could impact revenues. The ministry works closely with the Ministry of Attorney General and Ministry of Finance to clarify the government's position in appeal situations, and develop legislative amendments where needed.
The ministry relies on the willingness of British Columbians to meet their financial obligations.	Taxpayers may be unaware of or unwilling to comply with their financial obligations to government.	The ministry delivers information, education and awareness programs to promote voluntary compliance with financial obligations. The ministry's audit and enforcement program promotes fairness and equity by leveling the playing field for the majority of taxpayers who are meeting their financial obligations voluntarily. These activities assist in identifying monies owed, educate taxpayers and debtors on their obligations and deter customers who might otherwise avoid paying.

Internal Risks and Opportunities		
Situation	**Risk/Opportunity**	**Ministry Response**
The ministry requires quality client information to conduct its business.	The accuracy and integrity of client identifying information maintained by program ministries is critical for revenue and debt administration and collection.	The ministry works cooperatively with client ministries to improve the quality of client identifying information. New technology will improve the collection of, and access to, client identifying information which will assist in the administration of client accounts.
The ministry requires highly skilled, motivated and innovative employees to achieve its goals.	The ministry faces a major challenge related to the recruitment and retention of key staff. In the longer term, many employees will approach retirement age which may mean increased retirement rates, knowledge retention issues and the need to recruit for key organizational positions. In the short term, the ministry is challenged to recruit in a highly competitive market for individuals with financial expertise, particularly auditors.	The ministry supports a culture of excellence and learning to promote employee development and retention. The ministry supports job assignments that further professional and career development of interested employees. The ministry participates in the government's Corporate Succession Planning sponsored by the BC Public Service Agency.

New Era Commitments

The Premier's letter of June 2001 and the Core Review process provided specific direction to the ministry regarding key priorities (see *Table 2*). The ministry has made significant progress in meeting the direction provided, making progress or completing work on all five of the commitments.

Table 2: *Ministry Progress on Key Commitments*

Commitments[1]	Ministry Progress
Integrate major sources of revenue.	• The ministry has integrated accounts receivables for all tax statutes administered by the ministry. This includes consumption, income and property taxes. In addition, the ministry is responsible for resource sector revenue for mineral, oil and gas, and forests revenues. The ministry administers non-tax revenues for Medical Service Plan premiums, the Immigrant Sponsorship Program, the B.C. Ambulance Service, the British Columbia Student Assistance Program, the Employment and Assistance Program and court fines. The ministry's new revenue management system, currently under development, will see the integration, over time, of the remaining revenue management systems across government into this centralized system.
Maximize revenue collection within the principles of fairness and equity.	• The ministry ensures its audit, enforcement and collection programs are adequately resourced and focuses efforts on areas at highest risk for non-compliance. These programs promote fairness and equity by leveling the playing field for the vast majority of British Columbians who voluntarily comply with their financial obligations. • The ministry has introduced the Taxpayer Fairness and Service Code which formalizes the ministry's commitment to fair treatment and quality service. This means that taxpayers have the right to expect the ministry will apply the law fairly and impartially so they have confidence in the ministry when it carries out revenue and debt collection activities critical to the funding of public services.
Examine cost effectiveness of collection methods and, in co-operation with the Chief Information Officer, seek opportunities for electronic transactions.	• The ministry offers customers a variety of electronic payment options depending on the payment type including electronic banking, personal computer and telephone banking, preauthorized payments and credit card payments. In 2004/05, 58.8 per cent of payment revenue was received electronically. The ministry is determining how to increase the number of electronic payment options available to customers.
A centralized collections/ corporate accounts receivable system	• The ministry has entered into an alliance with a private sector firm (EAS) to implement a single, consolidated revenue management system. It will transform, centralize and streamline over 40 revenue management systems across government.

Commitments[1]	Ministry Progress
More effective processes including single business identification number, electronic filing/payment and targeted enforcement.	• The Single Business Number project, a joint initiative of the Province, the Canada Revenue Agency and other Crown agencies, was completed in November 2004. This initiative represents the first step in establishing a more seamless and streamlined way of delivering online services to businesses in British Columbia. It enables businesses to use their federal Business Number as a single identifier when dealing with multiple government agencies. This reduces administrative red tape and saves business owners time and money. This initiative lays the groundwork for efficient service delivery to businesses for registration, maintenance of basic records, and reporting and remittance processing. Currently, businesses can access four government agencies (Ministry of Provincial Revenue — Social Service Tax and Hotel Room Tax; Corporate and Personal Property Registries (available to corporations only); Worker's Compensation Board; and Canada Revenue Agency). The Ministry of Finance, which operates the program, is working to expand participation in the single business number program among other government agencies. • To ensure audit and enforcement effectiveness, the ministry, through its workload development section, targets its audit and enforcement activities by identifying areas where there is the greatest risk of non-compliance. • To streamline the collection and processing of provincial taxes, the ministry has established services that allow taxpayers to send their tax return and payment electronically. Consumption taxes (social services, hotel, tobacco and motor fuel taxes) can be filed electronically through a financial institution. Property transfer tax can be filed electronically through a notary public or solicitor, while some mineral tax requirements can be filed electronically. Future enhancements will be realized through the development of the Revenue Management System.

[1] Commitments include those in the Premier's letter of June 25, 2001 and the ministry's core service presentation of December 5, 2001.

In addition, the ministry contributes to the achievement of the government strategic goal — "A Strong and Vibrant Provincial Economy". Specifically, the ministry is accountable to increase recoveries of revenues owed to government and to streamline accounts receivable collections.

The ministry's 2004/05 targets for revenue recovery and collection of overdue accounts receivable were exceeded. Ministry performance in these areas is described in the Report on Performance section of this document. In addition, negotiations with a private sector firm were successfully concluded and the ministry has entered into an alliance with EAS that will see customer service improved through the consolidation of debt portfolios, multiple channels for interacting with government, leading edge technologies, industry best practices, and streamlined billing, payment and debt collection processes.

Report on Performance

Overview of Ministry Goals and Linkage to Government Strategic Goals

The ministry has established five strategic goals to guide it towards realizing its vision to be the centre of excellence for revenue and debt collection in government. These goals reflect the ministry's vision, mission, governing principles, commitment to continuous improvement and priorities.

The following table presents the linkages between the government strategic goals and the goals, objectives and performance measures of the ministry.

Ministry Mission

The ministry provides fair, efficient and equitable revenue and debt collection that supports public services to meet the needs of British Columbians.

Government Strategic Goal	Ministry Goals	Ministry Key Objectives	Performance Measures
A strong and vibrant provincial economy.	1. Maximize voluntary compliance.		Percentage of ministry revenue received without enforcement action.
		1. Maximize use of new electronic technologies to facilitate ease of transactions.	Percentage of client-initiated electronic payments.
		2. Quality services that promote and respond to customer's needs.	Percentage of on-time tax payments.
	2. Collection of all outstanding amounts owed to government.		Incremental revenue[1].
			Debt collections.
		1. Government receives the revenue it is due.	Number of audits performed.
			Annual tax assessment per audit position.
		2. Government receives the debt recoveries it is due.	Average payment recovered per collection position.
			Percentage of total government accounts receivable more than 90 days overdue.
	3. Fair, efficient and equitable administration that meets customers needs.	1. Improve the tax appeals process for administrative fairness and due process.	Elapsed time from receipt of appeal to final decision.
		2. Reduce legislative and administrative requirements and streamline procedures.	Meet annual regulatory reduction target.
			Risk Maturity Model.*
	4. Continuous performance improvement and accountability.	1. Continuously improve and simplify work processes.	Receipt to deposit turnaround time.
			Cost per transaction.
			Cost to collect $1 of debt.
	5. Highly skilled, motivated and innovative employees.	1. Foster a work environment that encourages motivated and creative employees.	Percentage of employees with Employee Development and Learning Plans.
			Percentage of employees satisfied with training and development opportunities.
			Employee morale.

[1] Refer to Appendix A for definitions of terms used in this document.

* This measure is not included in the 2005/06 - 2007/08 Service Plan.

Report on Results

The ministry undertakes performance measurement and reporting to assess performance against established targets, inform decision-making processes and communicate progress towards ministry goals. The following section contains detailed information on the ministry's performance during 2004/05 based on the performance targets established in the 2004/05 – 2006/07 Service Plan[7]. The performance measures presented reflect critical aspects of ministry performance and are a sub-set of data collected and reported internally by the ministry.

Performance results presented are for the fiscal year unless otherwise noted. Performance is monitored throughout the fiscal year, generally on a monthly basis. This allows the ministry to implement required operational changes in a timely manner. The ministry reviews performance measures on at least an annual basis to ensure measures continue to provide meaningful information, are representative of performance and reflect ministry priorities. Measures are replaced where and when appropriate, balancing the need for reliable information with reasonable cost. Performance targets are based on past performance trends, government priorities and a focus on continuous improvement balanced by available resources.

Currently, the ministry is working with partner organizations to develop customer service standards related to the ministry's Taxpayer Fairness and Service Code. The ministry will report publicly on the performance service standards identified. In addition, the ministry is identifying new performance measures that will result from its alliance with EDS Advanced Solutions, Inc. (EAS). They will be included in the ministry's 2006/07 – 2008/09 Service Plan.

For information on data methodology see Appendix E.

[7] View the 2004/05–2006/07 Service Plan online at http://www.bcbudget.gov.bc.ca/bgt2004/sp2004/prev/prev.pdf *.

* *Refer to note on page 3.*

Ministry Performance Measures Overview

Following is an overview of the ministry's performance, presented by ministry goal, for 2004/05 and the previous two years. In 2004/05, the ministry exceeded, met or mostly achieved the targets established for 15 of 18 of its key performance measures.

Further detail on 2004/05 performance results is provided following this summary table.

Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	Performance
Goal 1: Maximize voluntary compliance.					
Percentage of ministry revenue received without enforcement action.	96.1%	95.7%	97.8%	97.2%	Mostly achieved target* (p.30)
Percentage of client-initiated electronic payments.	58%	57.7%	63%	58.8%	Missed target (p.31)
Percentage of on-time tax payments.	85%	82.4%	85%	84%	Mostly achieved target (p.31)
Goal 2: Collection of all outstanding amounts owed to government.					
Incremental revenue.	$410.2M ($308.2M)[1]	$479.3M ($353.3M)[1]	$240M	$330.7M ($251.8M)[1]	Exceeded target (p.33)
Debt collections.	$229M	$206.8M	$298M	$337.5M	Exceeded target (p.34)
Number of audits performed.	194,104	184,441	170,000	187,749	Exceeded target (p.35)
Annual tax assessment per audit position.	$1.1M ($632,000)[1]	$924,000 ($646,000)[1]	$525,000	$889,000 ($667,000)[1]	Exceeded target (p.36)
Average payment recovered per collection position.	$4.9M	$4.3M	$2.2M	$2.8M	Exceeded target (p.36)
Percentage of total government accounts receivable more than 90 days overdue.	40%	40%	40%	35%	Exceeded target (p.37)

* A target is considered to be mostly achieved if the result is at least 95% of the target.

[1] Incremental revenue and annual tax assessment per audit position have been normalized to remove extraordinary recoveries.

Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	Performance
Goal 3: Fair, efficient and equitable administration that meets customers needs.					
Elapsed time from receipt of appeal to final decision.	11.4 months	11.7 months	11.4 months	12.0 months[5] (average age of outstanding appeals – 5.16 months)	Mostly achieved target (p.39)
Meet annual regulatory reduction target from a baseline of 13,640 requirements[2].	Reduce regulations by 8%	Reduce regulations by 13%	0% increase over June 2004 baseline (11,396)	11,377	Exceeded target (p.41)
Goal 4: Continuous performance improvement and accountability.					
Receipt to deposit turnaround time.	New measure in 2003/04	3 days	2 days	2 days	Met target (p.43)
Cost per transaction.	New measure in 2003/04	$0.82	$0.83	$0.68	Exceeded target (p.43)
Cost to collect $1 of debt.		New measure in 2004/05	$0.07	$0.05	Exceeded target (p.44)
Risk Maturity Model.[4]		New measure in 2004/05	Level 1	Level 2	Exceeded target (p.44)
Goal 5: Highly skilled, motivated and innovative employees.					
Percentage of employees with Employee Development and Learning Plans.	76%	95%	85%	93%	Exceeded target (p.46)
Percentage of employees satisfied with training and development opportunities.	65%	73%	73%	79%[3]	N/A (p.46)
Employee morale.	76%	78%	78%	82%[3]	N/A (p.46)

[2] Baseline for June 2001 revised to 13,478 regulations. A new regulatory baseline of 11,396 was established in June 2004 as a 'go forward' baseline for the next three-year period. The ministry has evaluated its performance against this most current baseline.

[3] While similar questions were asked on training and morale in 2002/03, 2003/04 and 2004/05, this year a change in the employee survey reporting scale allowed a neutral response. This makes direct comparison with the past two years difficult. The 2004/05 results shown are the combined total for neutral, agree and strongly agree responses. 2004/05 results for agree and strongly agree responses will become the new baseline for comparison in future years.

[4] A Risk Maturity Model is used to assess the ministry's progress in developing organizational awareness of risk and the integration of risk management techniques into its operational activities.

[5] This measure refers to the average length of time taken to resolve an appeal (from receipt through final decision). Although the target was not fully achieved, the ministry has reduced the average age of outstanding appeals from 10.98 months (March 2004) to 5.16 months (March 2005). This positions the ministry to meet its goal for timeliness.

Goal 1: Maximize voluntary compliance.

Voluntary compliance is the foundation of the taxation system in British Columbia. It is the most efficient and effective way of collecting revenue owed to government. Voluntary compliance means that individuals and businesses meet their tax obligations without the need for audit, enforcement or collection action. Improvements in voluntary compliance result in increased revenue available to support government strategic goals and vital government programs.

Core Business Areas

Revenue Programs, Revenue Services, Executive and Support Services.

Objective 1: Maximize use of new electronic technologies to facilitate ease of transactions.

This objective supports voluntary compliance by maximizing the use of electronic processes to facilitate payment of financial obligations to government. Electronic payment systems are designed to be faster, easier to use and more cost effective than manual payment processing systems. It is expected that voluntary compliance will increase as payment options are expanded.

Objective 2: Quality services that promote and respond to customers' needs by assisting customers understand their obligations and entitlements, and pay the correct amount on time.

This objective supports voluntary compliance by responding to customers' needs for information by making it easier for them to identify and understand their entitlements and financial obligations to government. The ministry supports this objective through a variety of customer service initiatives. It is expected that taxpayers who fully understand and accept their obligations are more likely to meet them.

Key Strategies

The ministry seeks to maximize voluntary compliance through the following strategies:

- **Helping British Columbians to better understand their tax obligations** by providing clear, complete, accurate and timely information. This includes information sessions, timely statutory interpretation and ruling services, and educational materials that provide British Columbians with a clear understanding of their obligations, due dates, methods of filing and payment, and contact information for questions. In addition, taxpayers can telephone or email the ministry with tax-related questions.
- **Making it as easy as possible to comply with obligations.** To facilitate ease of payment, the ministry is working to provide taxpayers with expanded options for making payments electronically.
- **Improving access to online information** that clarifies tax and debt obligations, and improving and increasing channels of payment for businesses and individuals.

Performance Measures and Results

Percentage of ministry revenue received without enforcement action.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	Performance
Percentage of ministry revenue received without enforcement action	96.1%	95.7%	97.8%	97.2%	Mostly achieved target[1]

Source: Ministry of Provincial Revenue.

[1] A target is considered to be mostly achieved if the result is at least 95% of the target.

Importance

This is an overall measure of the ministry's success in meeting Goal 1 — maximizing voluntary compliance. This measure reports on the percentage of revenue that is identified by the ministry or self-assessed by individuals and businesses, without audit intervention. Successful revenue collection depends on voluntary payment of financial obligations balanced by audit, enforcement and collection activities. Seemingly minor increases in performance translate into the potential for millions of dollars in voluntary payments.

Explanation of Performance

The target established for 2004/05 was mostly achieved. The target was set based on estimates of total and incremental revenue (see p.33) and reflects the anticipated balance between the two. During 2004/05, the revenue that the ministry administered through voluntary compliance increased to $11.7 billion from $10.72 billion in 2003/04. Despite this increase, and a decrease in incremental revenue, 97.2 per cent of total revenue was identified without enforcement action. This is slightly below the target of 97.8 per cent due to the ministry's stronger than anticipated performance in audit assessments.

This performance represents a small percentage increase over past years but a significant increase in voluntarily identified revenue. This result was supported by the ministry's customer outreach and public information services. The ministry conducted public information sessions across the province, in addition, over 11,000 individuals and businesses received tax information updates by subscribing to the ministry's online service.

The ministry expects continued increases in the proportion of revenue identified without enforcement action over the next three years as customers become more aware of their financial obligations and incremental revenue decreases. The ministry's key strategies for improving compliance include information, education and awareness services, electronic filing availability, and audit and enforcement activities.

Percentage of client-initiated electronic payments received by the ministry.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	Performance
Percentage of client-initiated electronic payments received by the ministry	58%	57.7%	63%	58.8%	Missed target

Source: Ministry of Provincial Revenue.

Importance

This measure tracks the replacement of physical payments (cheques, cash or bank drafts) with electronic payments through the percentage of revenue received electronically. It provides a reasonable indication of the success of ministry e-service initiatives by monitoring the public's use of the suite of electronic options available for tax and other payments. If these initiatives are successful, it would be expected that a greater proportion of revenue is received electronically.

Explanation of Performance

Of the $12.81 billion in direct payments to the ministry in 2004/05, $7.53 billion (58.8 per cent) was received electronically. While the number of electronic payments increased from 3,081,000 in 2003/04 to 3,252,000 in 2004/05, much of this increase was small dollar value payments that do not greatly impact this performance measure.

During 2004/05, the largest percentage of revenue received electronically came from tax revenue and debt collection payments; 68 per cent of this revenue was received electronically. This reflects enhanced outreach to municipalities and taxpayers regarding electronic payment options. However, this was offset by lower than expected use of electronic payment options for Medical Service Plan premiums and resource revenues which constitute a significant proportion of overall revenue (34 per cent). Only 40 per cent of these revenues were received electronically and as a result the ministry target was not achieved.

Future targets look to continuous improvement in the amount of revenue received through electronic options. This will be accomplished by increasing the number of electronic options available to customers, focusing education and awareness programs on areas of lower participation, and identifying and removing barriers, where possible, to the use of electronic payment options.

Percentage of on-time tax payments.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	Performance
Percentage of on-time tax payments	85%	82.4%	85%	84%	Mostly achieved target

Source: Ministry of Provincial Revenue.

Importance

This measure reports on the percentage of payments made on or before their legislated due date. It provides a reasonable indication of taxpayers' understanding of their financial obligations and their willingness to comply. If customer service initiatives are successful, it is anticipated that the percentage of on-time tax payments will increase as more taxpayers understand their responsibilities and the legislative requirements of the tax system.

Explanation of Performance

Of the over one million tax payments received by the ministry in 2004/05, almost 891,000 (84 per cent) were received on or before their legislative due date. This represents a significant improvement over that achieved in 2003/04, and mostly meets the 2004/05 target. The ministry's performance was impacted by the lower percentage of customers submitting on-time nil returns (53 per cent). The ministry has been less successful in encouraging taxpayers to submit returns when they do not owe revenue to the Province (nil returns), although this is important information for the ministry in keeping customers' accounts current. The on-time return rate for taxpayers who were obligated to make a payment for the reporting period was 89 per cent.

Future years' targets have been calculated based on the elimination of nil returns and will focus on the on-time payment of taxes owed to the Province. It is anticipated that the provision of improved public information and seminars dealing with the application and administration of tax statutes and the responsibilities of taxpayers will result in an increase in on-time tax payments.

Goal 2: Collection of all outstanding amounts owed to government.

The ministry undertakes audit, enforcement and collection activities to recover outstanding monies owed to government. These activities assist in identifying monies owed, educate taxpayers and debtors about their obligations, ensure amounts owed are collected and deter customers who might otherwise avoid paying. The educational and deterrent effects of these activities also contribute to increasing voluntary compliance (Goal 1). Audit, enforcement and collection activities also promote fairness and equity by leveling the playing field for the vast majority of British Columbians who voluntarily comply with their financial obligations and ensure that funds are available to pay for vital government programs.

Core Business Areas

Revenue Programs, Revenue Services, Executive and Support Services.

Objective 1: Government receives the revenue it is due.

This objective focuses on identifying revenues owed to British Columbians through the ministry's audit program. The audit program undertakes compliance and enforcement activities to ensure individuals and businesses are meeting legislated requirements and to ensure a level playing field for taxpayers.

Objective 2: Government receives the debt recoveries it is due.

The ministry undertakes collection activities to obtain repayment of outstanding amounts owed to British Columbians. The ministry's efforts result in payment of a wide variety of tax and non-tax overdue receivables which provide funding for government programs. If successful, it is anticipated that the ministry will contribute to a reduction in the amount of government receivables that are more than 90 days past due.

Key Strategies

To recover outstanding monies owed to British Columbians and to promote fairness and equity in the tax system, the ministry seeks to identify and collect all outstanding amounts when a taxpayer fails to meet their obligations, either willfully or due to an error, through the following strategies:

- **Audits and investigations.** The ministry ensures the audit program is adequately resourced and focuses its efforts on areas at highest risk of non-compliance. In addition, the ministry continues to improve the timeliness of assessment practices. Audits vary from the review of grant claims, tax expenditures and exemptions and compliance with legislation, to the examination of financial records and legal documents. A substantial number of audits are performed outside of the province to ensure British Columbia businesses are not at a tax disadvantage compared to their out-of-province counterparts operating in the province.
- **Collection processes.** The ministry focuses resources on the debt collection function and continually improves revenue recovery tools and approaches to ensure collection functions operate as effectively as possible. The ministry has entered a new alliance with a private sector service provider to further enhance the effectiveness of revenue and debt collection administration (see p. 9).

Performance Measures and Results

Incremental revenue.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	Performance
Incremental revenue	$410.2M ($308.2M)[1]	$479.3M ($353.3M)[1]	$240M	$330.7M ($251.8M)[1]	Exceeded target

Source: Ministry of Provincial Revenue.

[1] Incremental revenue has been normalized to remove extraordinary recoveries.

Importance

Incremental revenue is the amount of revenue, primarily from taxes, identified as owed to government as a result of ministry intervention. It is a measure of the ministry's success in identifying these amounts owed to government through audit, compliance, and enforcement activities. The identification of incremental revenue contributes to the recovery of outstanding amounts owed to government and is a measure of the ministry's success in meeting Goal 2.

Explanation of Performance

The ministry exceeded its target for incremental revenue. The ministry sets annual targets based on the best information available at the time. Through the year it explores new or emerging opportunities and focuses its resources in areas where risk of revenue loss is greatest. The ministry's achievement of its incremental revenue target is due to a number of factors, including the variability of some revenues, certain extraordinary revenues and success in assessing revenues through focused attention on areas at a higher risk of non-compliance.

In 2004/05, extraordinary revenues included greater than anticipated recoveries in corporation capital tax, personal and corporate income tax residency allocations (ensuring individuals and businesses working in the province pay appropriate taxes to the Province) and oil and gas validations (ensuring correct royalties are paid on oil and gas extracted). In addition, the ministry recorded lower than anticipated revenue refunds related to taxpayer requests. Extraordinary incremental assessments have declined due to the success of previous years' efforts that have resulted in the identification of outstanding revenues in areas of highest risk of non-compliance.

Incremental revenue is anticipated to decrease over the next three years. This is due to changes in the tax regime (e.g., phase out of the corporation capital tax for general corporations), the wrap-up of special compliance projects, and improvements to billing and collection processes that will increase taxpayers' awareness of their financial obligations which should result in increased voluntary compliance. The ministry will continue to focus audit and enforcement activities on areas assessed at higher risk of non-compliance.

Debt collections.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	Performance
Debt collections	$229M	$206.8M	$298M	$337.5M	Exceeded target

Source: Ministry of Provincial Revenue.

Importance

This measure reports on the amount of debt recovered through the ministry's debt collection activities. This is a measure of the ministry's success in collecting on its portfolio of overdue accounts. Debt collection contributes to the recovery of revenue owed to government and is a measure of the ministry's success in meeting Goal 2.

Explanation of Performance

The ministry exceeded its debt collection target. In part, this reflects the relationship between the amount of incremental revenue assessed by the ministry and the level of debt collection activity the ministry undertakes. Higher than anticipated incremental revenue leads to more active debt collection to recover outstanding amounts owed to government.

The ministry has focused on the earlier identification of outstanding revenue, on the prompt notification of those with outstanding financial obligations and on more effective collection processes. In addition, the ministry has dedicated additional resources to collection activities and focused new resources on collection portfolios with larger outstanding accounts receivable. The ministry's overall success in debt collection also reflects the current strength of the provincial economy as more of those with outstanding amounts owed to government are better able to meet their obligations. The ministry has reduced accounts receivable by $60 million compared to 2003/04.

Over the next three years, more effective business processes supporting the consolidation of debt portfolios, the consistent application of early intervention across collection portfolios and the transfer of debt portfolios from other ministries to the Ministry of Provincial Revenue will positively impact debt collection. Over time, the trend will be one of decline as outstanding debt is collected and voluntary compliance increases.

Number of audits performed.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	Performance
Number of audits performed[1]	194,104	184,441	170,000	187,749	Exceeded target

Source: Ministry of Provincial Revenue.

[1] Audits vary from the review of grant claims, tax expenditures and exemptions and compliance with legislation, to the examination of financial records and legal documents.

Importance

This measure reports on the number of audits performed under the tax and royalty statutes that the ministry administers. The number of audits performed provides an indication of the level of activity that the ministry is undertaking to support this objective. Maintaining an extensive audit program allows the ministry to identify and collect outstanding amounts owed to government.

Explanation of Performance

The ministry exceeded the target of 170,000 audits. This result reflects the ministry's continued efforts to ensure adequate auditing across the broad spectrum of tax statutes the ministry administers. Performance in 2004/05 is in line with achievements in the past two years.

The ministry anticipates a slight decrease in the number of audits to be performed over the next three years due to the reallocation of some auditors to portfolios requiring increased effort. This reallocation will provide an opportunity for auditors to focus on other areas of non-compliance.

Annual tax assessment per auditor.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	Performance
Annual tax assessment per audit position	$1.1M ($632,000)[1]	$924,000 ($646,000)[1]	$525,000	$889,000 ($667,000)[1]	Exceeded target

Source: Ministry of Provincial Revenue.

[1] Audit assessment per audit position has been normalized to remove extraordinary recoveries.

Importance

This measure reports on the average amount of incremental revenue generated by each audit position. It is a reasonable indication of the effectiveness of the audit program in targeting audit and enforcement activities on areas of non-compliance. The identification of incremental revenue supports the collection of all outstanding amounts owed to government.

Explanation of Performance

The ministry exceeded its target. Within the ministry, there is a wide variance in the assessment per audit position based on the type of audit performed. Overall, the assessment per audit position reflects the fact the ministry exceeded its incremental revenue target. Performance in 2004/05 is on par with that of the past two years.

Average payment recovered per collection position.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	Performance
Average payment recovered per collection position	$4.9M	$4.3M	$2.2M	$2.8M	Exceeded target

Source: Ministry of Provincial Revenue.

Importance

This measure reports on the average debt recovery per collection position. It is a measure of the effectiveness of the ministry's collection operations. The average recovery per collection position demonstrates the balance between the resources the ministry dedicates to its collection program and the revenue that the program recovers for government. When the ministry meets or exceeds its target for this measure, it is an indication that the debt collection program is operating effectively, supporting the collection of all outstanding amounts owed to government.

Explanation of Performance

The ministry exceeded the target for average payment recovered per collection position. However, despite higher debt recoveries than realized in the past three years, average

payment recovered per collection position declined due to an increase in the number of collection positions during the fiscal year.

As voluntary compliance increases over time and outstanding debt is collected, the average recovery per collection position will continue to decline. Beginning in 2005/06, this measure will address only tax collection recoveries as performance of the ministry's private sector contractor in relation to non-tax debt collection will be reported as part of the ministry's overall debt collection target.

Percentage of total government accounts receivable more than 90 days overdue.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	Performance
Percentage of total government accounts receivable more than 90 days overdue	40%	40%	40%	35%	Exceeded target

Source: Office of the Comptroller General.

Importance

This measure reports on the percentage of debt owed to government that is over 90 days past due. Debt collection success tends to decrease as the debt ages. Therefore, the ministry and government as a whole work to reduce the percentage of government accounts receivable that are more than 90 days past due. Collection of aged debt should lead to improved debt recovery and reduced bad debt expenses. Currently, the ministry is either accountable for, or manages, a portion of the total government accounts receivable over 90 days overdue.

Explanation of Performance

The success the ministry achieves in reducing the overdue debt under its administration contributes to improvement in the overall provincial performance.

The ministry's accounts receivable represent $87 million of the $2.4 billion in total government accounts receivable ($118 million of $2 billion in 2003/04). Ministry accounts receivable over 90 days past due totalled $64.5 million in 2004/05 a decrease from $89.4 million in 2003/04. Both total ministry accounts receivable and the proportion more than 90 days past due have improved over the last year. See page 34 for a discussion on debt collection.

The ministry also manages, on behalf of other ministries, an additional $838.1 million in accounts receivable ($868 million in 2003/04). Of these accounts receivable, $648.4 million were more than 90 days overdue in 2004/05 ($586 million in 2003/04) reflecting the fact that the ministry receives all of these portfolios for collection when they are more than 90 days overdue, with the exception of Medical Service Plan premiums and forest receivables. The increase in accounts receivable more than 90 days overdue reflects primarily an increase in Medical Service Plan premium accounts receivable.

The development of the new revenue management system will support improvements to billing and collection processes that will increase taxpayers' awareness of their financial obligations. These improvements coupled with the consolidation of debt portfolios and the consistent application of early intervention across collection portfolios should result in increased voluntary compliance and a decrease in outstanding receivables.

The percentage of total government accounts receivable more than 90 days past due in 2004/05 was 35 per cent. This is an improvement from 40 per cent in 2003/04.

Goal 3: Fair, efficient and equitable administration that meets customers needs.

The ministry is committed to meeting customers' needs by improving the regulatory and administrative frameworks for revenue and debt collection. This will ease the administrative burden on customers, enhance the business climate within British Columbia and improve ministry efficiency.

Core Business Areas

Revenue Programs, Revenue Services, Executive and Support Services.

Objective 1: Improve the tax appeals process for administrative fairness and due process.

This objective, key to attaining Goal 3, reflects the ministry's commitment to provide taxpayers with a fair and timely resolution to their appeals of tax assessments. A number of tax statutes allow taxpayers to appeal an assessment, a rejected refund, or a decision of the commissioner or administrator. This objective speaks to meeting taxpayers' expectations regarding the timeliness of service they will receive from the ministry.

Objective 2: Reduce legislative and administrative requirements and streamline procedures.

The ministry is committed to streamlining and simplifying the taxation system in support of the government deregulation and regulatory reform initiative (a *New Era* commitment). Reducing the legislative and administrative burden for ministry customers is a key focus for the ministry. Since the start of the deregulation program in June 2001, the ministry's efforts have resulted in a significant reduction in the amount of information required of taxpayers. This work improves customer service, reduces the cost of doing business by making it easier, faster and more efficient to deal with government, and enhances ministry efficiency.

Key Strategies

The ministry works to provide fair and equitable administration through the following strategies:

- **Reducing tax appeal backlogs.** During 2004/05, the ministry implemented a project to reduce the backlog of outstanding appeals to an average age of less than 6 months by the end of the fiscal year. Additional resources were committed to the appeals management process and streamlined work processes have been implemented to address the backlog.

- **Reducing regulatory burden.** The government goal was to decrease regulations across ministries by one-third between June 2001 and June 2004. The ministry target was modified to reflect the ministry commitment to implement all achievable regulatory reductions by the end of fiscal 2003/04; a target of 21 per cent. Further reductions of a regulatory nature were determined to not be possible without potentially compromising the integrity of the tax system and jeopardizing government revenue. In June 2004/05, the regulatory baseline was re-established as a 'go forward' baseline for the next three-year period. The ministry is committed to maintaining this baseline over the next three-year period.
- **Forms consolidation.** For 2004/05, the ministry focused on maintaining the June 2004 regulatory baseline. The ministry continued to focus on meeting customers' needs by exploring regulatory reduction opportunities through forms consolidation, and it continued to monitor and review new forms to ensure that as few new regulatory requirements as possible were introduced.

Performance Measures and Results

Elapsed time from receipt of appeal to final decision.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	Performance
Elapsed time from receipt appeal to final decision	11.4 months	11.7 months	11.4 months	12.0 months[1] (average age of outstanding appeals – 5.16 months)	Mostly achieved target

Source: Ministry of Provincial Revenue.

[1] This measure refers to the average length of time taken to resolve an appeal (from receipt through final decision). Although the target was not fully achieved, the ministry has reduced the average age of outstanding appeals from 10.98 months (March 2004) to 5.16 months (March 2005). This positions the ministry to meet its goal for timeliness.

Importance

This measure reports on the average time taken to resolve tax appeals over the course of the fiscal year.

The average elapsed time from the receipt of an appeal to final decision is a measure that enables the ministry to track its success in providing timely resolution to taxpayer appeals. The length of time required to resolve an appeal varies depends on such factors as the complexity and facts of the case, and availability of all relevant information.

Initial work with business organizations to establish customer service standards related to the Taxpayer Fairness and Service Code has identified that businesses support measuring and reporting on the timeliness of the tax appeal process.

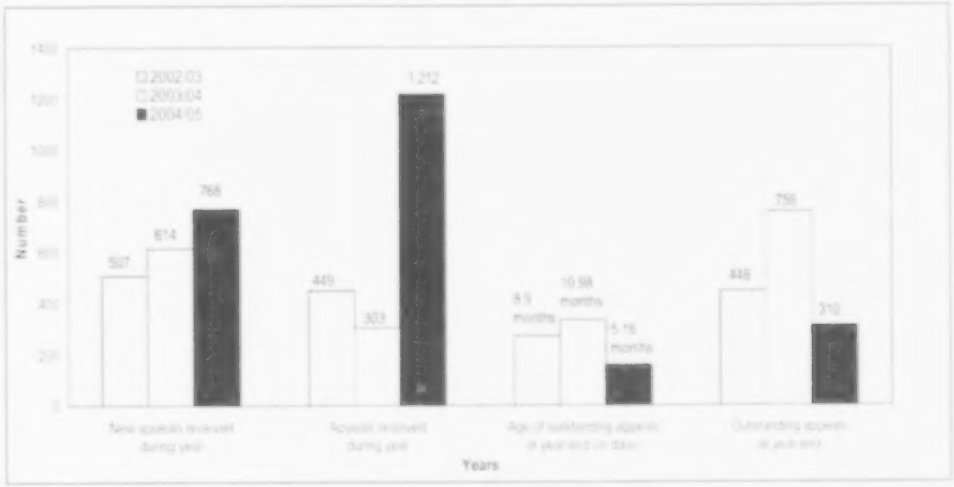
Explanation of Performance

The elapsed time from the receipt of an appeal to final decision was 12 months in 2004/05. It reflects the ministry's conscious decision to resolve older appeals, which resulted in an increase in the average time to resolve an appeal. However, the ministry made significant progress in reducing the backlog of appeals and is now well positioned to meet its goal for timeliness. This was achieved through the allocation of additional resources and the streamlining of administrative procedures. The ministry will continue to monitor the incoming volume of appeals to ensure the allocation of adequate resources to support timely resolution of appeals.

The ministry has improved its performance on a number of fronts. It has decreased the overall age of outstanding appeals, decreased the number of outstanding appeals and significantly increased the number of appeals resolved, comparing 2004/05 to previous years (see *Figure 4*). The ministry achieved these improvements despite receiving more new appeals in 2004/05 than in either of the past two fiscal years[5].

In the 2005/06 – 2007/08 Service Plan, the ministry has set challenging targets that will require the elapsed time from the receipt of an appeal until a final decision to be reduced from the current target of 11.4 months to 6.0 months in 2005/06, 5.0 months in 2006/07 and 4.5 months in 2007/08. These aggressive targets respond directly to taxpayers' expectation of timely service.

Figure 4: *Comparison of Appeal Administrative Process Measures, 2002/03 – 2004/05.*



[5] A higher number of appeals than average was received due to increased public awareness of this process.

Explanation of Performance

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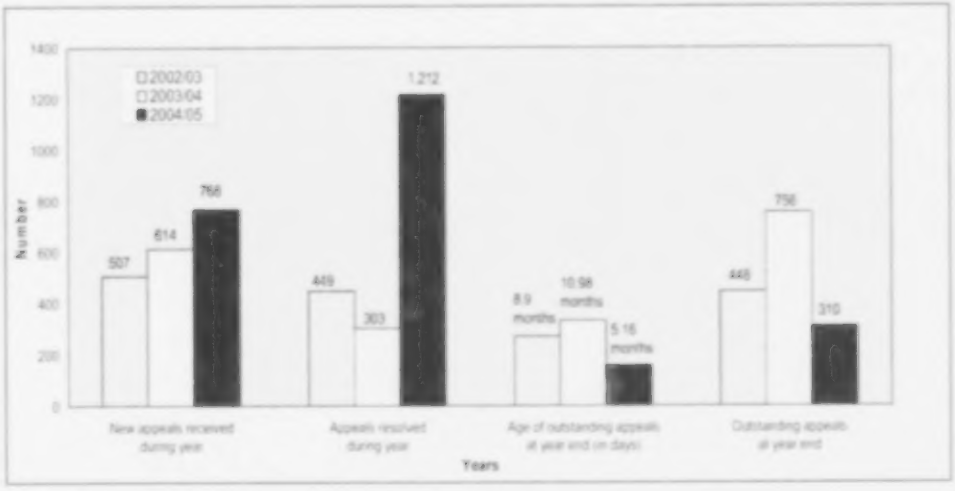


[6] A higher number of appeals than average was received due to increased public awareness of this process.

Meet annual regulatory reduction target.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	Performance
Meet annual regulatory reduction target from a baseline of 13,640 requirements[1]	Reduce regulations by 8%	Reduce regulations by 13%	0% increase over June 2004 baseline (11,396)	11,377 (as at March 31, 2005)	Exceeded target

Source: Ministry of Provincial Revenue

[1] Baseline for June 2001 revised to 13,478 regulations. A new regulatory baseline of 11,396 was established in June 2004 as a 'go forward' baseline for the next three-year period. The ministry has evaluated its performance against this most current baseline.

Importance

The ministry is committed to both regulatory reform and customer service. As part of its dedication to customer service, the ministry works to make its processes as simple, streamlined and customer-friendly as possible. This measure reports on the change in the number of regulations from the baseline set in June 2004.

Explanation of Performance

During 2004/05, the ministry continued to monitor the introduction of new forms to ensure that as few new regulatory requirements as possible were introduced. The ministry was able to balance required regulatory additions with decreases in regulatory requirements in other areas. This allowed the ministry to maintain the regulatory baseline.

The ministry is developing a plan for comprehensive staged reviews of all operational areas over the next three years. These reviews will consider regulatory reform of existing legislation, regulations, policy and forms, and identify regulatory reduction opportunities.

Annual reporting of performance on deregulation and regulatory reform is made to the Regulatory Reform Office, Ministry of Small Business and Economic Development, based on a June to June reporting period. Due to this reporting cycle and the length of the spring legislative session, the ministry may not always be able to meet the baseline by fiscal year end, but is still able to meet its commitment to maintain a zero per cent increase on a June to June basis.

For further information on the ministry's deregulation and regulatory reform initiatives see page 48.

Goal 4: Continuous performance improvement and accountability.

The ministry continues to strive for improved performance and customer service. Adopting creative and innovative solutions will improve operations and enable the ministry to better achieve its business objectives. This goal supports the achievement of all ministry goals.

Core Business Areas

Revenue Programs, Revenue Services, Executive and Support Services.

Objective 1: Continuously improve and simplify work processes.

To move towards its goal, the ministry is focused on providing maximum benefit to the public through continuous improvement of its business processes. Maintaining effective and efficient business processes allows the ministry to better meet its objectives in all areas of its business operations.

Objective 2: Develop and implement a risk management plan.

Enterprise risk management refers to the culture, processes and structure that are directed towards the effective management of potential opportunities and adverse effects. A successful risk management program includes the assignment of necessary resources, and the development of required skills, tools and techniques to improve decisions taken in conditions of uncertainty. This objective is consistent with government direction which specifies that each ministry is responsible for developing and implementing risk management plans as part of its service plan, programs and operations. The explicit consideration of both adverse effects and opportunities faced by an organization during key planning and decision-making processes enhances its potential for success in meeting business objectives.

Key Strategies

The ministry is committed to continually improving the efficiency of its business processes. This commitment extends throughout the ministry's operations and was reflected in a variety of initiatives over the last year. This included projects to improve customer service (for example, reduce the backlog of taxpayers' appeals and the turnaround time to provide a tax ruling) and improve internal operations (for example, modernize filing systems and improve data integrity).

The ministry has sought to implement efficient business solutions while maintaining effectiveness and meeting business objectives through the following strategies:

- **Realizing efficiencies** through an integrated, streamlined business and systems environment that enables consolidated revenue management across government. The ministry has also increased the use of electronic processes that reduce ministry costs and has adopted leading revenue administration and management practices.
- **Risk management.** The ministry is enhancing its risk management techniques. This includes the identification of key risks and mitigation strategies.

Performance Measures and Results

Reduce current receipt to deposit turnaround time.

Cost per transaction

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	Performance
Receipt to deposit turnaround time	New measure in 2003/04	3 days	2 days	2 days	Achieved target
Cost per transaction	New measure in 2003/04	$0.82	$0.83	$0.68	Exceeded target

Source: Ministry of Provincial Revenue.

Importance

The ministry has identified two measures that are reasonable indicators of organizational efficiency. The receipt to deposit turnaround time tracks the duration between when a physical payment (cheques, cash or bank drafts) is received and when it is deposited to the government's account. This is a measure of the efficiency of the ministry's cash management processes. Decreasing the deposit turnaround time demonstrates improvements to these processes and reduces the foregone interest income to government.

The ministry is also committed to reducing transaction costs. To track progress in this area, the ministry collects transaction cost and volume data and reports on the cost per transaction. When the cost per transaction decreases, it is an indication of increased efficiency.

Explanation of Performance

As of March 31, 2005, the ministry met its target to deposit payments within two days of receipt for payment processing.

The ministry has successfully reduced its cost per transaction over the last year from $0.82 in 2003/04 to $0.68 in 2004/05. This represents improved efficiency in payment processing as the total cost for transaction processing was held relatively constant while a significantly larger number of transactions were processed.

In 2005/06, the ministry will explore new methods of measuring the efficiency of cash and transaction management processes, given business process reviews currently underway as a result of the ministry's alliance with EAS.

Cost to collect $1 of debt.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	Performance
Cost to collect $1 of debt		New measure in 2004/05	$0.07	$0.05	Exceeded target

Source: Ministry of Provincial Revenue.

Importance

The ministry is committed to maintaining efficient processes and procedures to collect debt owed to government. The ministry calculates and reports on the cost to collect $1 of debt. Decreasing costs indicate that the ministry's collection processes and procedures are becoming more efficient and effective.

Explanation of Performance

The ministry exceeded its target for cost to collect $1 of debt. The ministry's success in reducing the cost to collect $1 of debt is primarily due to higher debt recoveries while maintaining relatively stable costs to the ministry.

Risk maturity model.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	Performance
Risk Maturity Model		New measure in 2003/04	Level 1[1]	Level 2	Exceeded target

Source: Ministry of Provincial Revenue.

[1] Level 1 refers to an organization that is at the initial stages of risk management planning and is characterized by an environment where risk is dealt with on an ad hoc and reactive basis generally in response to crises.

Importance

The ministry uses the "Risk Maturity Model" as a basis for assessing its progress in developing organizational awareness of risk and the integration of risk management techniques into its operational activities. The Risk Management Branch, Ministry of Finance, recommends this assessment model. Sound business practices include effective risk management and the incorporation of risk awareness and treatment into business processes. Developing a risk management approach to delivering on ministry revenue and debt administration responsibilities will enhance the potential for success in meeting established goals, objectives and performance targets.

Explanation of Performance

The ministry exceeded its target to progress to Level 1 in the Risk Maturity Model by the end of fiscal 2004/05. The ministry's self-assessment of its progress, compared to the criteria

of the Risk Maturity Model, indicate that the majority of requirements for a Level 2 rating have been met. This means that ministry risk management processes are under development and are becoming established and repeatable. The ministry made significant progress on the integration of risk management into the planning processes for major initiatives and projects. For example, all information management and information technology projects undertaken by the ministry that have a budget or duration beyond certain thresholds ($50,000, or sixty person days of effort) require a risk assessment to be completed as part of the project planning process. Projects over $400,000 are required to submit bi-monthly reports that include an assessment of the risk, its severity and the ability to manage the risk.

In future, the ministry will continue to focus its efforts on improving the integration of risk management practices within the organization. The ministry will proactively identify both the threats and opportunities that potentially could impact its success and address specific areas of high risk. The ministry is currently working to integrate the development of risk management plans into strategic and operational planning processes. Risk management techniques will also continue to be applied to specialized areas including financial risk, occupational safety and health, and business continuity.

Goal 5: Highly skilled, motivated and innovative employees.

As an organization committed to ongoing excellence, the ministry relies on the strengths, skills and commitment of its employees. Recognizing this, the ministry endeavors to create a culture of excellence and learning, with staff development focused on key competencies, leadership and learning development, and succession planning.

Core Business Areas

Revenue Programs, Revenue Services, Executive and Support Services.

Objective 1: Foster a work environment that encourages motivated and creative employees.

Fostering a work environment that encourages motivated and creative staff is dependent on maintaining high levels of skills, knowledge and morale. The establishment of individualized employee development and learning plans is a key component of a supportive and innovative working environment.

Key Strategies

To meet its goals and successfully deliver its services, the ministry relies on its employees. Ministry strategies for enhancing the skills, motivation and performance of its staff include:

- Creating a culture of excellence and learning with employee development focused on key competencies.
- Addressing succession issues.
- Monitoring employee morale and responding to associated issues.

Performance Measures and Results

Percentage of employees with Employee Development and Learning Plans.

Employee satisfaction with training and developmental opportunities.

Employee morale.

Performance Measure	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	Performance
Percentage of employees with Employee Development and Learning Plans[1]	76%	95%	85%	93%	Exceeded target
Percentage of employees satisfied with training and development opportunities[2]	65%	73%	73%	79%[3]	N/A
Employee morale[2]	76%	78%	78%	82%[3]	N/A

Source: Ministry of Provincial Revenue — 2002/03 and 2003/04; BC Stats — 2004/05.

[1] It is expected that all permanent employees will have Employee Development and Learning Plans after 6 months in their position. The 2004/05 – 2006/07 Service Plan did not specify that this measure referred to permanent employees, but past performance has been calculated based on this premise.

[2] The performance measure has been reworded from the 2004/05 – 2006/07 Service Plan to improve clarity. Previous wording was, 'Maintain the training and development baseline from the 2003/04 Employee Survey' and 'Maintain the baseline from the 2003/04 Employee Survey for Employee Morale'.

[3] While similar questions were asked on training and morale in 2002/03, 2003/04 and 2004/05, this year a change in the employee survey reporting scale allowed a neutral response. This makes direct comparison with the past two years difficult. The 2004/05 results shown are the combined total for neutral, agree and strongly agree responses. 2004/05 results for agree and strongly agree responses will become the new baseline for comparison in future years.

Importance

Under this goal, the ministry has identified performance measures to assess its effectiveness in developing highly skilled, innovative and motivated employees whose dedication to excellence is the foundation for achievement of business objectives.

Achieving the ministry vision requires employees to have high motivation and morale, combined with the knowledge and skills to be successful in their position. They also need to understand how their performance and development contributes to the achievement of ministry goals and business objectives. To support employees to meet work and career goals, the ministry requires that each permanent employee, who has been in their position for six or more months, has an individualized **Employee Development and Learning Plan** (EDLP). This plan identifies the required competencies for the position the employee holds, evaluates the employee's level of knowledge and skill, determines areas where training is required, and provides a training plan identifying priorities for training and career development. At the same time, the EDLP database helps to establish branch, division and ministry-wide training priorities to support the efficient expenditure of training funds.

The ministry tracks its success in identifying and filling training needs by monitoring the percentage of employees with EDLPs. It also uses an annual employee survey to determine levels of employee morale, and satisfaction with training and development opportunities.

Explanation of Performance

The ministry achieved its 2004/05 target with 93 per cent of permanent employees, in their position for six or more months, having an EDLP. This was accomplished through the ministry's commitment to the creation of a culture of excellence and learning, and encouraging the participation of managers and staff in the process.

In 2005/06, the ministry plans to have EDLPs completed for 100 per cent of permanent employees who are in their position for six or more months. The ministry will also be introducing a performance plan component to the existing EDLP process that will identify the work an employee is accountable for and how it links to the ministry's Service Plan goals and objectives. This performance component is intended to complement the robust employee training and development program currently in place.

This year, the ministry participated in the new government-sponsored employee survey. The survey added new questions on employee engagement to the existing questions on morale and training. The result is better information on both job satisfaction and employee commitment to the organization. This information will improve the ministry's ability to identify priority activities to meet Goal 5 in the coming years.

Changes to the response scale for the employee survey allowed a neutral response this year, resulting in an inability to make a direct comparison with the previous years' results. However, the ministry can conclude that the overall percentage of employees indicating a level of dissatisfaction with questions on training and morale has declined compared to last year (see *Table 4*). This result may, in part, reflect the ministry's continued support for employee development and training. The ministry has increased training expenditures over the past three years from an average of $376/FTE to $546/FTE.

***Table 4**: Comparison of Selected Employee Survey Results, 2004/05 and 2003/04.*

	Disagree/ Strongly Disagree	Change from 2003/04	Neutral	Agree/ Strongly Agree
Training				
2004/05	21%	-6%	30%	49%
2003/04	27%		N/A	73%
Morale				
2004/05	18%	-4%	25%	57%
2003/04	22%		N/A	78%

Deregulation and Regulatory Reform

The ministry is committed to streamlining and simplifying the revenue management system to ease the administrative burden on taxpayers in support of the government deregulation and regulatory reform initiative. The ministry will also review the province's tax system to identify potential reforms that would maintain or enhance British Columbia's tax competitiveness.

The ministry has eliminated 2,100 regulatory requirements (as of March 31, 2005) since the start of the deregulation program in June 2001. The ministry's efforts have resulted in a significant reduction in the amount of information required from taxpayers. Work has been done to improve customer service by streamlining reporting requirements and making the completion of required forms easier. Forms have been revised, reporting requirements combined and unnecessary forms eliminated. This improves customer service, reduces the cost of doing business with government by making it easier, faster and more efficient to deal with government and enhances ministry efficiency. See the Report on Results section (p. 41) for further discussion on deregulation targets.

The ministry's forms will continue to be monitored and reviewed to maintain the benefits that have been achieved over the last three years. New forms will only be introduced after careful scrutiny to ensure that as few new regulatory requirements as possible are introduced. The ministry will continue to focus on implementing customer service improvements by streamlining reporting processes and forms.

The ministry has also focused efforts on regulatory reform. For example, in 2004/05 the ministry introduced the *International Financial Activity Act*, replacing the former *International Financial Business (Tax Refund) Act*. This work modernizes the legislation and expands both the list of financial activities that qualify for corporate tax refunds and the program to all areas of the province. This legislation sets the stage for renewed growth in the international financial business sector in the province and supports the ministry's commitment to make British Columbia an attractive place for business to invest. Response from the business community has been positive.

The ministry has identified other opportunities for regulatory changes that will result in improved customer service. For example, over the next three years, the ministry will develop and implement regulatory changes that will ensure the application of consistent policies and procedures for both grace period variances and interest rate schedules used for the calculation of interest on the late payment of financial obligations. This work will reduce confusion, and increase fairness and equity for taxpayers.

Report on Resources

The Report on Resources provides an overview of ministry funding and expenditures during 2004/05, and provides comparisons to past years, as appropriate. This section also provides a Resource Summary for 2004/05 by core business area.

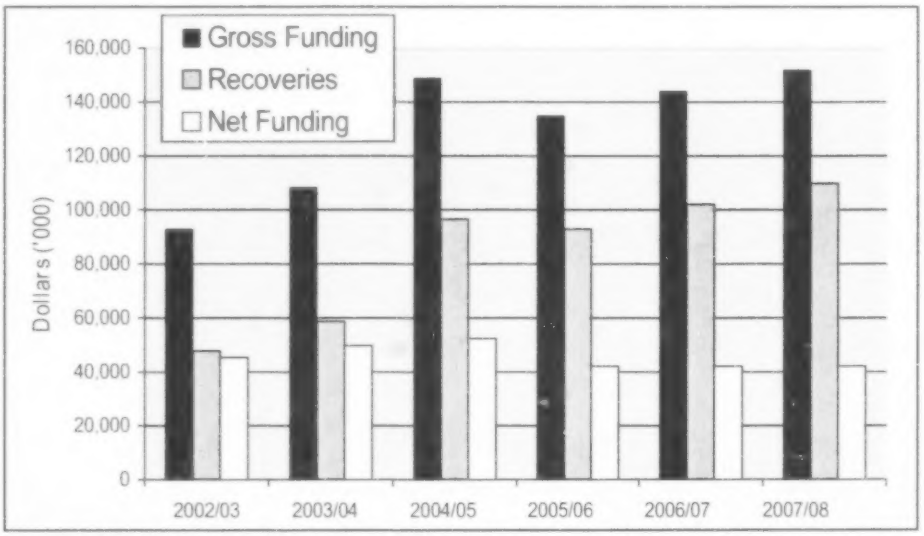
Ministry Funding

Total funding available for ministry operations in 2004/05 was $148.8 million (see Resource Summary). The sources of ministry voted funding included:

- An appropriation of $52.3 million.
- Recoveries of $96.5 million. Ministry costs are partially recovered from revenues administered by the ministry (see Appendix C).

The ministry's gross funding, total recoveries and net funding have increased over the last three year period. The ministry's 2005/06 - 2007/08 Service Plan indicates that the gross expenditures and recoveries will increase year over year due to the projected increases in revenue and debt collection resulting from the Revenue Management Project and the projected sharing of these realized benefits with EAS (see *Figure 5*).

Figure 5: *Comparison of Gross Funding, Recoveries and Net Funding, 2002/03 - 2007/08.*



Source: 2002/03 - 2004/05 amounts correspond to the *Estimates* as presented in the Legislative Assembly. 2005/06 - 2007/08 amounts are as reported in the ministry's 2005/06 - 2007/08 Service Plan.

Ministry Expenditures

Ministry expenditures during 2004/05 totalled almost $130.7 million (see Resource Summary) of which $84.8 million was recovered from revenues administered by the ministry. Ministry expenditures included:

- Salaries and benefits. The largest expenditure for the ministry was salary and benefits ($62.1 million) accounting for 47 per cent of annual expenditures.
- Non-salary operating costs ($59.9 million) accounted for 46 per cent of annual expenditures.
- Other expenses (e.g., interest expense, banking charges) accounted for $8.5 million or 7 per cent of expenditures.
- Government transfers (e.g., grants in lieu of home owner grants under the *Indian Self Government Enabling Act*) totalled $0.155 million, accounting for less than one per cent of expenditures.

Capital expenditures of almost $23.8 million included $10.5 million capital contingency for the Revenue Management Project capital lease recognition. The ministry overall capital expenditures included $19.1 million for the Revenue Management Project and $4.7 million on other ministry capital projects.

The ministry made financing and transaction disbursements totalling $943.0 million. These disbursements, directed by legislation, return a percentage of specific revenue to identified entities.

The gross expenditures in 2004/05 increased by $20.6 million compared to 2003/04 and by $46.3 million compared to 2002/03 (see *Table 5)*. This change was primarily due to expenditures on the Revenue Management Project, and additional resources allocated to the audit and compliance program.

Ministry Revenue

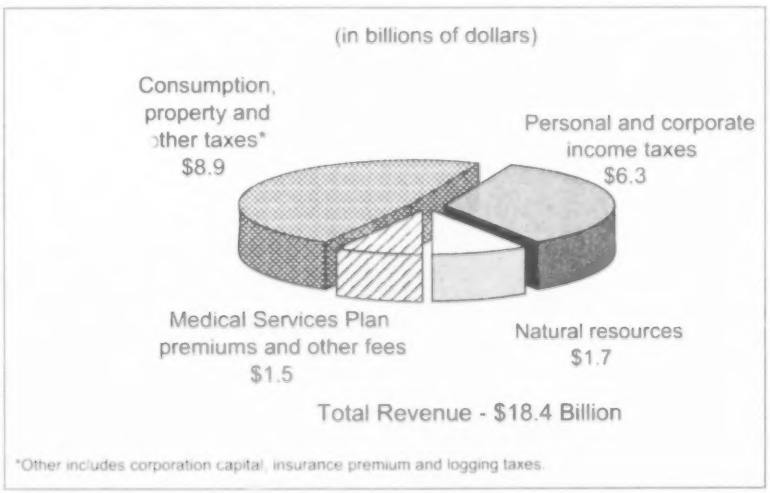
The ministry provides a central service to the Province for revenue administration and collection. This includes consumption taxes (social service tax, hotel room tax, motor fuel tax, tobacco tax), property taxes (rural property tax, provincial school tax and property transfer tax) and other taxes (corporation capital tax, insurance premiums tax, and logging tax), personal and corporate income tax collected by the Canada Revenue Agency on behalf of the Province, natural resource revenues (natural gas royalties, petroleum royalties, permits and fees and mineral taxes and royalties) and Medical Service Plan premiums and other fees (e.g., ruling fees, clearance certificates). In 2004/05, the ministry administered $18.4 billion in revenue, or approximately 56 per cent of all revenues administered by the Province (see *Figure 6)*. Revenue has increased over the past three years in all categories; $15.5 billion in 2002/03 and $16.9 billion in 2003/04.

Table 5: Expenditures, 2002/03 – 2004/05.

Core Business Areas	2002/03 Actual	2003/04 Actual	2004/05 Actual
Operating Expenses ($000)			
Revenue Program			
Gross	38,593	49,688	54,636
Recoveries	(37,827)	(47,212)	(49,593)
Net	766	2,476	5,043
Revenue Services			
Gross	8,764	13,157	13,982
Recoveries	(8,418)	(12,656)	(13,320)
Net	346	501	662
Executive and Support Services			
Minister's Office	332	349	361
Corporate Services			
Gross	36,630	46,845	61,686
Recoveries		(1,390)	(21,900)
Subtotal Net	36,630	45,455	39,786
Net	69,962	45,804	40,147
Total Gross	**84,319**	**110,039**	**130,665**
Total Recoveries	**(46,245)**	**(61,258)**	**(84,813)**
Total Net	**38,074**	**48,781**	**45,852**

Source: Amounts correspond to the *Public Accounts* for the years noted.

Figure 6: 2004/05 Revenue by Type.


(in billions of dollars)
Consumption, property and other taxes* $8.9
Personal and corporate income taxes $6.3
Medical Services Plan premiums and other fees $1.5
Natural resources $1.7
Total Revenue - $18.4 Billion
*Other includes corporation capital, insurance premium and logging taxes.

Source: Ministry of Provincial Revenue.

2004/05 Resource Summary

	Estimated[1]	Other Authorizations[2]	Total Estimated	Actual	Variance (Actual minus Total Estimated)[3]
Operating Expenses ($000)					
Revenue Programs					
Gross	53,564		53,564	54,636[5]	1,072
Recoveries[4]	(49,589)		(49,589)	(49,593)	(4)
Net	3,975		3,975	5,043	1,068
Revenue Services					
Gross	15,277		15,277	13,982	(1,295)
Recoveries[4]	(15,251)		(15,251)	(13,320)	1,931
Net	26		26	662	636
Executive and Support Services					
Minister's Office	430		430	361	(69)
Corporate Services					
Gross	79,573		79,573	61,686	(17,887)
Recoveries	(31,700)		(31,700)	(21,900)	9,800
Subtotal Net	47,873		47,873	39,786	(8,087)
Net	48,303		48,303	40,147	(8,156)
Total Gross	**148,844**		**148,844**	**130,665**	**(18,179)**
Total Recoveries[5]	**(96,540)**		**(96,540)**	**(84,813)**	**11,727**
Total	**52,304**		**52,304**	**45,852**	**(6,451)**
Full-time Equivalents (Direct FTEs)					
Revenue Programs	718		718	662	(56)
Revenue Services	114		114	74	(40)
Executive and Support Services	222		222	169	(53)
Total	**1,054**		**1,054**	**905**	**(149)**

[1] The "Estimated" amounts correspond to the *Estimates* as presented to the Legislative Assembly on February 17, 2004.

[2] Other authorizations include supplementary *Estimates*. The ministry received a capital contingency for costs related to the Revenue Management Project.

[3] Variance display convention has been changed this year to be consistent with the change introduced in Public Accounts. Variance is in all cases "Actual" minus "Total Estimates." If the Actual is greater, then the Variance will be displayed as a positive number.

[4] Costs are partially recovered from revenues administered by the ministry under statutes listed in Appendix C.

[5] Includes $4,493 payments based on contributions.

	Estimated[1]	Other Authorizations[2]	Total Estimated	Actual	Variance (Actual minus Total Estimated)[3]
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)					
Revenue Programs	0		0	192	192
Revenue Services	760	10,465	11,225	19,102	7,877
Executive and Support Services	12,537		12,537	4,468	(8,069)
Total	**13,297**	**10,465**	**23,762**	**23,762**	**0**
Other Financing Transactions[6] ($000)					
Revenue Programs					
Receipts	940,000	8,031	948,031	938,982	(9,049)
Disbursements	939,100	11,294	950,394	942,964	(7,430)
Net Cash Source (Requirements)	900	(3,263)	(2,363)	(3,982)	(1,619)
Special Accounts — Provincial Home Acquisition Wind up[7]					
Receipts	50		50	188	138
Disbursements	40		40	30	(10)
Net Cash Source (Requirements)	10		10	158	148
Total Receipts	**940,050**	**8,031**	**948,081**	**939,170**	**(8,911)**
Total Disbursements	**939,140**	**11,294**	**950,434**	**942,994**	**(7,440)**
Total Net Cash Source (Requirements)	**910**	**(3,263)**	**(2,353)**	**(3,824)**	**(1,471)**

[1] The "Estimated" amounts correspond to the *Estimates* as presented to the Legislative Assembly on February 17, 2004.

[2] Other authorizations include supplementary *Estimates*. The ministry received a capital contingency for costs related to the Revenue Management Project.

[3] Variance display convention has been changed this year to be consistent with the change introduced in Public Accounts. Variance is in all cases "Actual" minus "Total Estimates." If the Actual is greater, then the Variance will be displayed as a positive number.

[4] Costs are partially recovered from revenues administered by the ministry under statutes listed in Appendix C.

[5] Includes $4,493 payments based on contributions.

[6] Other Financing Transactions include disbursements by the Province under legislation to government entities. These include disbursements under the Internal Fuel Tax Agreement (*Motor Fuel Tax Act*), *Land Tax Deferment Act*, *British Columbia Transit Act*, *Build BC Act*, *Greater Vancouver Transportation Authority Act*, *Rural Area Property Taxes*, *Tobacco Tax Amendment Act*, Tourism British Columbia (*Hotel Room Tax Act*).

[7] This account is established under the *Special Appropriation and Control Act* effective April 1, 2004, for the purpose of providing for expenditures for the winding up of the loan and financial assistance programs under the *Home Conversion and Leasehold Loan Act*, the *Home Mortgage Assistance Act*, the *Home Purchase Assistance Act*, the *Homeowner Interest Assistance Act* and the *Provincial Home Acquisition Act*. Receipts represent repayment of outstanding mortgage loan principal. Disbursements represent repurchased mortgage accounts and guarantee claims paid under the mortgage assistance programs.

Variance Explanations

The ministry underspent its FTE resource complement by 149 positions in 2004/05. This FTE variance reflects the transfer of 217 positions to EAS as of December 2004 and ministry vacancies. For the next three-year period, the ministry has estimated its FTE resources at 837.

Operating expense variances are primarily due to the under expenditure of FTE resources and amortization savings.

Financing transactions resulted in disbursements exceeding receipts by approximately $1.5 million primarily due to disbursements related to the International Fuel Tax Agreement and the *Land Tax Deferment Act*.

Appendix A: Glossary

Accounts receivable/debt — amounts claimed by the Province against debtors.

Activities — what a ministry does to fulfill its mission. Activities include the strategies, techniques and types of treatment that comprise a ministry's service lines.

Audit — an examination of an individual's or business' financial records or accounts to ensure that the amounts owed have been collected and remitted, or paid as required.

Billing — the act of notifying an individual or business of an amount owed to the Province.

Canada Revenue Agency set-off program — The Ministry of Provincial Revenue has been participating in the Canada Revenue Agency (CRA) set-off program since 1999. The ministry refers overdue accounts to the CRA for potential set-off against income tax, Goods and Services Tax and other federal program refunds. This step is taken when the Province has been unable to contact the customer or when all other collection efforts have failed.

Collections — remedial actions employed by the Province to effect a payment from an individual or business on an overdue account receivable.

Incremental revenue — monies identified primarily by, or remitted in response to, audit and enforcement activities.

Local service areas — an area that is not part of a municipality that has been created to provide a specific service to its residents; for example a fire district or a regional improvement district. The services provided are paid for through a property tax levied on residents of the area.

Outcomes — are the benefits resulting from the ministry's activities and outputs; the results, consequences or changes in conditions, behaviours or attitudes that indicate progress in achieving the ministry's goals and mission.

Outputs — are the direct products of ministry activities.

Overdue — an account receivable for which no monies have been remitted and is considered overdue according to the legislation at issue.

Penalty — a fine imposed for an offence against the legislation at issue (most commonly assessed for non-remittance of taxes).

Recoveries — monies recovered in the course of administering accounts receivable.

Remittance — the payment of monies to meet a financial obligation.

Refund — return of monies remitted in error or in excess of an account receivable.

Revenue — all monies received to meet financial obligations or identified as owed to the Province.

Tax assessments — a written notice from government of an amount owed to the Province. This notice represents monies that should have been remitted or paid to the Province, as well as any penalty or interest charges imposed by the Province.

Tax expenditure — the reduction in tax revenues that results when government programs or benefits are delivered through the tax system rather than reported as budgetary expenditures. Tax expenditures are usually made by offering special tax rates, exemptions or tax credits to program beneficiaries.

Transaction — the act of processing a cheque or scanable coupon for the purpose of applying payment to an account receivable.

Voluntary compliance — when taxpayers meet their financial obligations without requiring the Province to effect payment.

Appendix B: Ministry Values

The ministry depends on the strengths, skills and commitment of its employees, operating in a supportive and innovative learning environment. The ministry's values and actions guide staff towards the realization of ministry goals.

These values are reflected in the ministry's Taxpayer Fairness and Service Code. Specifically, the Taxpayer Fairness and Service Code details a taxpayer's right to:

- Courtesy and respect;
- Privacy and confidentiality;
- Fair treatment;
- Obtain help;
- Complete, accurate, clear and timely information;
- Understand the business the ministry conducts with them;
- Dispute resolution; and
- Timely appeal.

In 2005/06, the ministry's commitment to the values of providing high quality service and accountability will be further solidified by working with business organizations to identify and communicate ministry service standards and targets. As with other ministry priorities, the ministry will be reporting on results and using them to fine-tune ministry efforts.

In addition, the ministry's alliance with a private sector service provider is consistent with the ministry's commitment to its values of quality service, innovation, productivity and integrity. The alliance will improve customer service through new ways of doing business and the use of new technologies, including the consolidation of debt portfolios, multiple channels for interacting with government, leading edge technologies, industry best practices, and streamlined billing, payment and collection processes. Service level commitments have been identified within the contract to ensure that the ministry and its customers receive enhanced service, and the contract is structured to ensure performance and service levels are improved and sustained. The contract protects British Columbian's information with privacy, confidentiality and security provisions which meet and exceed the standards of British Columbia's *Freedom of Information and Protection of Privacy Act*.

Appendix C: Legislation Administered by the Ministry

The following statutes, in alphabetical order, are under the administration of the Ministry of Provincial Revenue.

Corporation Capital Tax Act
Esquimalt and Nanaimo Railway Belt Tax Act
Forest Act
Forest Practices Code of British Columbia Act
Forest Stand Management Fund Act
Home Conversion and Leasehold Loan Act
Home Mortgage Assistance Program Act
Home Owner Grant Act
Home Purchase Assistance Act
Homeowner Interest Assistance Act
Hotel Room Tax Act
Income Tax Act
Indian Self Government Enabling Act
Insurance Premium Tax Act
International Financial Activity Act
International Financial Business (Tax Refund) Act
Land Tax Deferment Act
Logging Tax Act
Medicare Protection Act
Mineral Land Tax Act
Mineral Tax Act
Mining Tax Act
Ministry of Forests Act
Motor Fuel Tax Act
Petroleum and Natural Gas Act
Property Transfer Tax Act
Range Act
School Act
Sechelt Indian Government District Home Owner Grant Act
Social Service Tax Act
South Moresby Implementation Account Act
Taxation (Rural Area) Act
Tobacco Tax Act

Appendix D: Realignment of Ministry Business Functions

The ministry reorganization in late 2004 involved the realignment of the ministry's core business functions with its core business areas. All core business functions have been retained, but the alliance with a private sector service provider means the delivery mechanism for some business functions has changed.

The following chart identifies the core business areas and functions as described in the 2004/05 Service Plan and the realignment that occurred as a result of the ministry's reorganization.

Core Business Areas and Business Functions		
2004/05 Service Plan		**Following the Ministry's Reorganization**
Tax Administration and Collection	→	**Revenue Programs** — administration of taxes, fees and resource royalties. **Revenue Services** — administration of tax debt collections, and forest revenue and *Range Act* account management and debt collections. **Executive and Support Services** — enforcement and special investigations, customer service and information, employee development.
Debt Administration and Collection and Home Owner Grant	→	**Revenue Services** — administration of non-tax debt collections. **Revenue Programs** — administration of the Home Owner Grant Program.
Executive and Support Services	→	**Executive and Support Services** — retained former business functions (financial, planning, information management/information technology, policy and legislation, and appeals and litigation services); added new business functions noted above. **Revenue Services** — account management, billing, payment and remittance processing.

Appendix E: Data Methodology

The following section provides an overview of the data methodology and data sources of the performance information provided in this report.

Percentage of ministry revenue received without enforcement action.

This measure refers to the percentage of revenue identified by the ministry or self-identified by individuals and businesses without audit intervention. The measure is calculated for the fiscal year.

Revenue includes taxation (social service, fuel, tobacco, property, property transfer, corporation capital, insurance premium and hotel room), non-taxation (e.g., medical service plan premiums), resources (natural gas royalties, petroleum royalties, permits and fees and mineral taxes and royalties) and other revenues (e.g., ruling fees, clearance certificates). Revenue, for the purposes of this measure, does not include personal and corporate income tax that is collected by the Canada Revenue Agency on behalf of the ministry. All revenue information is available through ministry data systems.

Basis of calculation: revenue (as defined above) less incremental revenue divided by revenue to determine the percentage of ministry revenue received without enforcement action.

Percentage of client-initiated electronic payments received by the ministry.

This measure reports on the proportion of revenue that was received electronically during the fiscal year. All payments received are recorded in ministry data systems, including the payment portfolio (e.g., social services tax, rural property tax, MSP debt collections), and amount and type of payment. Payments include both tax and non-tax payments and can be voluntary payments, payments made as a result of an audit assessment (incremental revenue) or debt collection. Electronic payments include those received through electronic funds transfer, electronic data interchange payments from financial systems, credit card payments, personal computer and telephone banking, preauthorized payments, pay direct e-banking and group e-banking. Non-electronic payments (referred to as physical payments) include cash, cheques and bank drafts.

Percentage of on-time tax payments.

There are three specific tax areas where the ministry is able to identify both the number of payments that should be received and the payment due date. For social service tax, rural property tax and mineral, oil and gas taxes, the ministry is able to determine the percentage of payments made on or before their legislative due date. These three tax areas represent 73 per cent of revenue paid to the ministry and 21 per cent of the total number of payments received. Data is collected and maintained in ministry data systems (see electronic payments above) and reporting is for the fiscal year.

Incremental revenue.

Incremental revenue is monies identified, or remitted primarily in response to audit and enforcement activities. The information for this measure is tracked through ministry business information systems and is reported for the fiscal year. Incremental revenue is identified for ministry tax programs including consumption, income, property, and mineral, oil and gas taxes.

Debt collections.

This measure reports on the amount of outstanding receivables recovered by the ministry during the fiscal year as tracked through ministry business information systems. This includes debt collection related to tax statutes administered by the ministry — income and capital taxes, consumption taxes, property taxes and mineral, oil and gas royalties and taxes — as well as the collection of debts associated with Medical Services Plan Premiums, the Immigrant Sponsorship Program, the B.C. Ambulance Service, the British Columbia Student Assistance Program, Employment and the Assistance Program and court fines.

Number of audits performed.

The ministry undertakes a variety of activities that are counted as audits. Audit selection size and content varies from the review of grant claims, tax expenditure and exemptions and compliance with legislation to the examination of financial records and legal documents. Audit data is collected and maintained by ministry staff in business information systems that report on the total number of audits performed during the fiscal year.

Currently, there is a lack of consistency across the ministry in what is included in the count of audits. For example, for some tax statutes, only those audits that result in an assessment or refund are included in the count of number of audits performed (nil audits are not included in the count), while nil audits are included under other tax statutes. The ministry is working to resolve this issue.

Annual tax assessment per audit position.

Basis of calculation: the total amounts identified in audit assessments by the ministry for the fiscal year divided by the average number of audit positions filled over the course of the year to determine the annual tax assessment per audit position. The ministry has allocated specific positions to the audit function and determines the average number of audit positions occupied on a rolling monthly basis. Financial information is available through ministry business information systems.

Average payment recovered per collection position.

Basis of calculation: the total ministry debt collection for the fiscal year is tracked through business information systems and is divided by the average number of collection positions filled over the course of the year to determine the average payment recovered per collection position. The ministry has allocated specific positions to the collection function and

determines the average number of collection positions occupied on a rolling monthly basis. Financial information is available through ministry business information systems.

Percentage of total government accounts receivable more than 90 days overdue.

This measure reports on the percentage of debt owed to government that is over 90 days past due. Data reflects input from all ministries with debt administration responsibilities. Data are provided by the Office of the Controller General on a quarterly basis. This measure is a point in time measure as of March 31st of the fiscal year.

Elapsed time from receipt of appeal to final decision.

This performance measure reports on the average elapsed time from receipt of an appeal to the final decision as of March 31st of the fiscal year. The ministry appeal process involves receiving appeals to the minister, analyzing the basis for the original assessment, disallowance of refunds or decisions, analyzing the grounds for the appeal, verifying that the submission contains all the required documentation, gathering additional information and/or documentation, contacting taxpayers to ensure a full understanding of their position, assessing the merits of the appeal, making recommendations to the minister regarding disposition of appeals and managing litigation arising from appeals. Appellants may withdraw from the appeal process at any time.

The measure is calculated by dividing the sum of elapsed time for all resolved appeals by the total number of appeals resolved during the fiscal year. Elapsed time includes the total number of days from the date of receipt of the appeal in the ministry up to and including the date of decision on the appeal by the minister. The progress of an appeal through the administrative process is tracked electronically and the data for this measure is calculated by this system.

Meet annual regulatory reduction target.

Regulations are counted according to the Regulatory Reform Policy of the Deregulation Office of the Ministry of Small Business and Economic Development (see http://www.deregulation.gov.bc.ca/regreformpolicy.htm*). Each ministry is responsible to update the deregulation database whenever there is new legislation, policy or regulation introduced or there is an addition or deletion to existing legislation, policy or regulations administered by that ministry. This measure is reported as of March 31st of the fiscal year.

Receipt to deposit turnaround.

The receipt to deposit turnaround is a point in time measure, as of March 31st of the fiscal year. Performance is measured based on physical monitoring of transaction volumes and estimated time for deposit of payment following account update. This measure includes all physical payments (cheques, cash or bank drafts). Turnaround time is calculated from the date a payment enters payment processing until it is deposited.

* *Refer to note on page 3.*

Cost per transaction.

This measure calculates the average cost to process a transaction, both payments and nil-remittances, during the fiscal year. Each piece of documentation required to process a payment is counted as an individual transaction (for example, a cheque and coupon is counted as two transactions). This measure includes all ministry transactions processed centrally by the ministry's service provider. Cost per transaction is based on salaries and benefit costs associated with payment processing, associated equipment, hardware and software costs, contracted services and supplies. Costs are calculated based on expenditure estimates, while the numbers of transactions are recorded in ministry data systems.

Cost to collect $1 of debt.

This measure reports on the average cost to recover $1 of overdue accounts receivable. Costs include salaries and benefit costs associated with collection activities, and building and infrastructure costs, not including data system maintenance or amortization which cannot accurately be attributed at the business unit level. Costs are based on actual expenditures, while debt recoveries are recorded in ministry business information systems.

Risk Maturity Model.

The ministry has employed the "Risk Maturity Model", a tool recommended to ministries by the Ministry of Finance, as the basis for assessing its progress in developing and implementing a risk management approach. The model evaluates risk management for five criteria: Organizational Philosophy, Risk Management Leadership and Commitment, Integration with other Management Practices and Systems, Risk Management Capabilities and Reporting, and Control. Each of these criteria is evaluated, based on further sub-criteria, on a scale of 1–5. The ministry has self-assessed its level of achievement during the fiscal year.

Percentage of employees with Employee Development and Learning Plans.

This measure identifies the percentage of permanent employees, in their position for six or more months, with an Employee Development and Learning Plan (EDLP) by the target date of April 30 of each fiscal year. Employees in auxiliary positions or on temporary assignment are not included in this measure. The information is generated by the ministry's EDLP system, which contains electronic learning and development plans for each employee meeting the measure criteria.

Percentage of employees satisfied with training and development opportunities.

This measure is an index based on the percentage of employees indicating they either agree or strongly agree with statements about identification of training needs, opportunities to develop skills, opportunities for career enhancement and receiving support for professional development. Each statement receives the same weighting in the calculation of the index.

This measure is a point in time measure, representing employee views as at the date of the survey.

Due to a change in the response categories (addition of a neutral response category) in the 2004/05 survey, a direct comparison with previous years' results is not possible. 2004/05 results for agree and strongly agree responses will become the new baseline for comparison in future years.

Employee morale.

This measure is an index based on the percentage of employees indicating they either agree or strongly agree with 16 statements on — workload, working conditions, training and development, hiring practices, teamwork, communication, employee recognition, performance expectations and job satisfaction. Each statement receives the same weighting in the calculation of the index. This measure is a point in time measure, representing employee views as at the date of the survey.

Due to a change in the response categories (addition of a neutral response category), a direct comparison with previous years' results is not possible. 2004/05 results for agree and strongly agree responses will become the new baseline for comparison in future years.